

# **National Accountability Bureau**



## **Annual Report 2002**

## **Mission Statement**

Eliminate corruption through a comprehensive approach encompassing prevention, awareness, monitoring and combating.

## **Vision Statement**

The National Accountability Bureau is to be a credible, effective, efficient and dynamic anti-corruption organization creating an enabling environment for a corruption free society.



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# Introduction

Established in 1999, National Accountability Bureau (NAB) entered the third year of its operations in 2002, with some remarkable accomplishments to its credit in fighting the scourge of corruption. Despite shortage of resources, both in men and material, NAB kept up its vigor and momentum in tracking down the corrupt, specially the big fish, and brought them to book. The year 2002, therefore, saw some momentous operational developments on the domestic front, apart from successfully getting its first overseas forfeiture. NAB's achievements, have been acknowledged both nationally and internationally. On the Transparency International Corruption Perception Index (CPI), Pakistan has improved its position by 22 places since 1996.

Based on its three years' unique experience, NAB addressed itself to some very significant institution building measures. The prime consideration has been to put in place an institutional structure, which would help in improving the operational efficiency, eliminate process delays, ensure more transparency and result in dedicated professionalism. The institutional measures put in place during 2002 include amendments in the National Accountability Ordinance, which was also put in the Sixth Schedule of the Constitution; recruitment and training of NAB's own work-force and development of Pakistan's first ever National Anti-corruption Strategy (NACS). Mutual Legal Assistance (MLA) regime was also strengthened. Another institutional measure of great significance has been the designation of NAB as the only anti-corruption agency at the Federal level. This decision of the Government is expected to improve professionalism by eliminating confusion and duplicity of operational laws and regimes by developing a more focused approach at one agency. Two vital functions of the Federal Investigation Agency (FIA) (established in 1974) have been transferred to NAB. These functions are Economic Crimes and Anti-corruption, which are more relevant to NAB's operational role as the sole anti-corruption agency.

International agencies, with whom interaction continues, are appreciative of the quality of skills available at NAB. The Department For International Development (DFID), United Kingdom, supported formulation of the National Anti-corruption Strategy. It has been a year of intensive consultations domestically. Public seminars as well as general efforts by the Chairman to interact with the public not only provided valuable feedback but also strengthened the belief that the best method to fight corruption is to build coalitions with the public against the menace. A beginning has been made this year. Stakeholders from the public/private sectors and civil society have been involved in the implementation process of the National Anti-corruption Strategy through creation of an Implementation Committee. Each stakeholder will be responsible for implementation of recommendations meant for its respective area. The Strategy lays

emphasis on “Prevention” and “Awareness” functions - areas being ventured into, for the first time in Pakistan.

As a new year dawns, the resolve towards eradicating corruption continues. Efforts to improve the investigation standards are being undertaken. The newly assigned functions of “prevention” and “awareness” will not deter NAB in its determination to bring the looters of national wealth to book.

Fight against corruption is a national fight. The success of the efforts to ensure writ of law, governance and merit, squarely depends on the support of the citizenry as well as the political will of the Government. NAB has, by and large, enjoyed both. We look forward to break new grounds and build ourselves up into a credible anti-corruption institution in times to come.

This report, prepared in pursuance of section 33 D of the National Accountability Ordinance 1999, covers chronicle of events during 2002 and is being brought to you to highlight our efforts in eradicating corruption and also to solicit your support in this crusade.

# Chapter 1

## How NAB Functions

National Accountability Bureau is an anti-corruption agency that takes cognizance of corruption and corruption-related cases on receipt of a reference from private individuals, government departments, public accountability bodies and many other sources. These complaints are received through email, telephone, fax, normal mail and personal visits by the complainants. Legal framework is provided by the National Accountability Ordinance 1999.

### Preliminary Examination

1.2 Information received is first analyzed by NAB's experts to determine the nature of the offence and the possibility of taking cognizance under the NAO. Once this task is completed, a preliminary examination is initiated. Simply stated, it is a mild form of inquiry in which some basic facts are collected. If this probe reveals some information that merits the case to be further pursued, relevant competent authority authorizes a formal inquiry.

### Formal Inquiry

1.3 A formal inquiry is authorized in order to establish that the case needs a detailed investigation<sup>1</sup>. The exercise is undertaken to collect more documentary evidence with a view to determine whether there is enough proof to incriminate an accused person. In case the evidence necessitating formal investigation is lacking, the inquiry is closed. An inquiry leading to conclusive evidence results in formal investigation.

### Formal Investigation

1.4 The Chairman, National Accountability Bureau authorizes investigations in the cases of all public servants of grade 21 and above and other public office holders. In all other cases Director General of the Regional NAB is the competent authority for authorizing investigations.

1.5 The offences under National Accountability Ordinance are non-bailable. Chairman NAB has been empowered to order arrest of the accused at any stage of inquiry or investigation. An accused once arrested can be remanded for a total period of ninety days. The remand is given by an Accountability Court for up to a maximum period of fifteen days at a time. Further extension requests have to be referred to the Court. The investigation process entails examination of the accused, recording of the statement of witness as well as collection of material and relevant documentary proof necessary for a successful prosecution effort. Based on this exercise, investigation may culminate in one of the following outcomes:-

- (i) Reference filing.
- (ii) Closure.
- (iii) Plea Bargain.

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<sup>1</sup> NAO differentiates between an inquiry and an investigation, the latter being a more elaborate exercise.



## Reference filing

1.6 There is no First Information Report (FIR) in NAB cases unlike other anti-corruption agencies. A reference is filed after an investigation reveals enough evidence for an accused to be prosecuted. Reference filing involves a two stage / two tier system, in order to strictly ensure an objective view of the case. The first stage involves initial sifting of the evidence through scrutiny of the case at the Regional Bureau level. The second stage comprises a thorough deliberation at the NAB Head Quarters. The case is referred to Prosecutor General Accountability for an exhaustive legal scrutiny at the end of the second stage. A reference in the court is filed only after ensuring that there is sufficient evidence to justify it.

## Case Closure

1.7 Chairman NAB has the powers, subject to his satisfaction, to order closure of a case at inquiry stage. However, in a case where investigation has been authorized, closure of the case, duly endorsed by the Chairman, takes place only with the approval of the accountability court.

## Plea Bargain

1.8 An option available to the accused is 'Plea Bargain'; a concept that has been intensively debated and criticized but is much misunderstood (please see box 1). An accused may apply for a 'plea bargain' at any stage after an investigation is authorized. In fact the option remains with the accused even during the prosecution period before a Court of law (including appellate level).

### Box 1:

#### Facts about Plea Bargaining and Voluntary Return

*The concept of plea-bargaining is widely misunderstood. The concept exists in many other countries of the World, better known being United States of America. As NAB began its operations it was expected to be flooded with cases of corruption given the nature of endemic and blatant corruption that prevailed in the Country. It was obvious that a pressure relieving valve would be required without losing basic principles. It was also considered a useful tool for recovery of looted wealth, a mandate given to NAB by the Chief Executive in 1999. Therefore, the concept of plea-bargaining was introduced in the Country. The term plea bargaining has no standard definition and the concept varies depending on the context and use. **Black's Law Dictionary** provides a general definition of plea bargaining as:*

*'The process whereby the accused and the prosecutor in a criminal case work out a mutually satisfactory disposition of the case subject to court approval. It usually involves defendant's pleading guilty to a lesser offence or to only some of the counts of a multi count indictment in return for a lighter sentence'*

*Some important facts about Plea-bargaining are as follows*

1. Plea bargaining has been institutionalized on account of the following reasons:
    - a. Provide (state) prosecution greater flexibility in disposing of the criminal case load.
    - b. Quick disposition of cases may conserve judicial resources.
    - c. Corrupt officials cease to be government servants without resort to appeal.
    - d. It is an effective tool of recovery of looted wealth.
  2. A plea bargain request is always initiated by the accused.
    - a. The offer has to be made to the NAB
    - b. It has to be in writing
    - c. The accused has to accept his guilt in writing.
  3. A plea bargain agreement covers only a specified allegation and the accused can still be proceeded against on any other offence, under the NAO.
  4. The amount of wealth looted is determined only on completion of investigations and if the accused agrees to pay the amount of ill-gotten wealth or loss caused to the public exchequer, as determined by NAB, the Chairman may accept such request of plea bargain. On approval of a plea bargain by the Court, release orders of the accused are issued by the Chairman NAB.
  5. An accused whose plea bargain is accepted is deemed to have been convicted and this carries all the ancillary restrictions of a convict except imprisonment.
  6. In case of default
    - a. prosecution process is renewed while the amount already deposited is forfeited by NAB. This is normally governed by the terms of the plea bargain agreement.
    - b. NAB may initiate appropriate criminal proceedings for wilful default of state dues.
    - c. The amount is recoverable as arrears of land revenue.
  7. Plea bargain against public policy is not accepted.
- A voluntary return on the other hand is finalized by Chairman NAB and a person who avails this is not deemed to be convicted. However, the option of voluntary return cannot be utilized once an investigation has been authorized.*

1.9 Under the plea bargain an accused offers to pay the money looted from the national exchequer or from the public at large. The amount is determined on the basis of available evidence on the conclusion of the investigation process. Eventually a 'plea bargain' is finalized in a Court of Law, based on the recommendations of NAB.

## **Withdrawal**

1.10 References filed in the Accountability Courts are pursued by NAB through its prosecutors. However, at any stage during the course of trial the Prosecutor General Accountability may, with the consent of the Court, withdraw the case against an accused. Such withdrawal can be made in respect of a particular offence or more than one offence or all of the offences alleged against the accused. If withdrawal is made before a charge has been framed, the accused shall be discharged in respect of such offences, and if it is made after a charge has been framed, he shall stand acquitted in respect of such offence or offences which stand withdrawn.

## **Decision Making Process**

1.11 In NAB operations the major decisions are: authorization of inquiry and investigation, issuance of arrest warrants, reference signing, acceptance or rejection of plea bargain, voluntary return, closure of inquiries or the investigations, withdrawal of a case, placement on, and removal from Exit Control List (ECL). All of these decisions are made through a two stage /two tier system which ensures extensive consultations involving the inquiry or the investigation team, the Director General Investigation Monitoring Wing (IMW), the concerned desk officer, the Prosecutor General Accountability and the Chairman<sup>2</sup>, who heads the meeting and takes the final decision. The process assists in removing weaknesses in investigation, undertaking an objective and exhaustive analysis of the case as well as examining the legal merits of the available evidence. At times detailed and protracted deliberations have to be undertaken for ensuring total transparency and objectivity. An accused and his family are provided ample opportunities to present their case, including the option of meeting the Chairman, who is always available for grievance redressals.

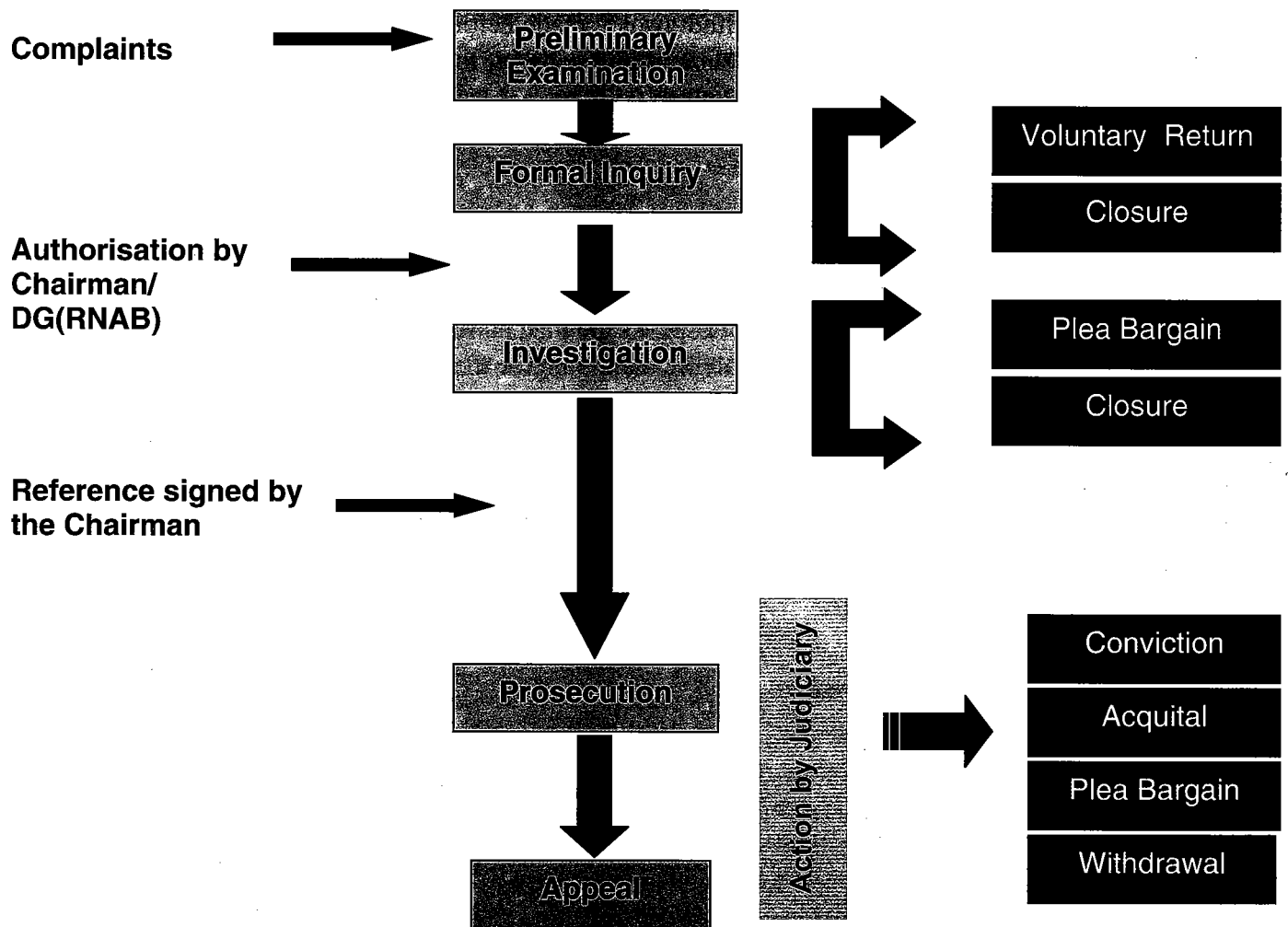
## **Conciliation Committee**

1.12 The NAO , interalia, provides for a loan settlement forum in cases of wilful default, through the Conciliation Committee. The person guilty of 'wilful default' has to submit an application to the Governor State Bank of Pakistan, for conciliation. The Committee, which is convened by the Governor State Bank of Pakistan consists of a nominee of Governor SBP, two nominees of the NAB, two chartered Accountants nominated by the Governor SBP, one Chartered Accountant each nominated by the council of the Institute of Chartered Accountants of Pakistan, the accused and the concerned financial institution. The committee is mandated to conclude its deliberations within thirty days from the date of receipt of reference from the Governor and to submit recommendations to the Governor SBP, who takes the final decision in the matter. Where the accused undertakes to repay the amount determined by the committee and approved by the Governor SBP, Chairman NAB may release the accused with the approval of the court.

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<sup>2</sup>In cases where the Director General of a regional NAB is authorized by the Chairman NAB as the competent authority, Chairman is not directly involved in the process.

# NAB's Functional Methodology



## **Chapter 2**

# **Legal Framework**

National Accountability Ordinance 1999, is not the first and the only anti-corruption statute in the Country. The first set of anti-corruption legislation in the sub-continent came in the form of sections 161-165 of the Indian Penal Code 1860 – adapted as Pakistan Penal Code (PPC) after 1947. That year also saw the enactment of the Prevention of Corruption Act (PCA) 1947. These two statutes provided substance for the subsequent anti-corruption laws. The National Accountability Ordinance also borrows a number of provisions from the repealed Ehtesab Act 1997, in addition to some provisions of the PPC and the PCA. However, there are a number of distinctive features in the National Accountability Ordinance vis-a-vis other statutes, especially the Pakistan Penal Code and the Prevention of Corruption Act 1947.

### **Evolution of the National Accountability Ordinance 1999**

2.2 Like the National Accountability Bureau itself, the National Accountability Ordinance was also developed and promulgated in a very short time. Once the judicial process started as a result of appeals, writs etc., it began to get strength, and direction from various judgments. Another contributing factor has been internal reviews of the Ordinance in the light of operational experiences, conducted by a Committee headed by Chairman NAB. Latest amendments were made in the National Accountability Ordinance through National Accountability (Amendments) Ordinance 2002 on 15<sup>th</sup> November 2002. Originally enacted as ‘National Accountability Bureau Ordinance’, its title has been amended to ‘National Accountability Ordinance’. Changes in the last three years have had conceptual, procedural as well as administrative implications. These are discussed below.

### **Conceptual Changes**

2.3 The first set of changes was introduced as a result of the judgment in the NAB vires case on a petition filed by Mr. Asfandiyar Wali Khan in the Supreme Court of Pakistan. This judgement gave a direction to the National Accountability Ordinance and the resultant amendments have created a more well rounded statute that takes care of transparency without impacting the efficiency of the Bureau. The direction given in the said judgment continues to guide evolution of the law even today.

2.4 In another landmark judgement dated 21<sup>st</sup> October 2002, the Honourable Sindh High Court held that the provisions of section 9 of the Ordinance applied to the holders of public office as also to the persons who are not public office holders but committed offences cognizable under NAO.

2.5 Yet another significant amendment has been the addition of the function of prevention of corruption to NAB’s mandate, with a view to evaluate and implement system changes for preventing corruption and raising awareness. The amended NAO also provides that all contracts of and above Rs. 50 million value concluded by any of the public sector organizations are to be submitted to the National Accountability Bureau.

## **Procedural Changes**

2.6 As per Section 31D of National Accountability Ordinance, inquiry, investigation or proceedings in respect of imprudent bank loans, defaulted loans or rescheduled loans shall be initiated only after receipt of reference from Governor, State Bank of Pakistan<sup>3</sup>; unlike the original provision according to which NAB itself could take cognizance of all such offences

2.7 On an application moved by the NAB in another important judgment dated 13<sup>th</sup> August 2002, the Honourable Sindh High Court held that only Chairman NAB or any officer duly authorized by him can file a reference and an application for movement of a case from one court to another. A procedural issue later addressed in an amendment to the Ordinance was the treatment of a case once it was transferred. To remove any anomaly or confusion, the amendment provides that in a case transferred from any other court or Tribunal to an accountability court, proceedings would continue and the court may not recall any witness or record any evidence that may have been recorded earlier and such transfer of the case is deemed to be a reference under section 18 of the NAO.

## **Administrative Changes**

2.8 The National Accountability Ordinance originally provided for the method of appointment of Chairman, Deputy Chairman and the Prosecutor General Accountability. While the qualifications and tenure of the PGA were prescribed, the qualifications for the other two posts were not laid down. Taking cognizance of this situation, not only have the qualifications of these posts been prescribed in the amended NAO, but also specific provisions have been added about tenures and qualifications of the Chairman and the Deputy Chairman. The following provisions prescribe the qualifications and tenures etc for the statutory position of the Chairman, the Deputy Chairman and the Prosecutor General Accountability.

### ***(a) Appointment and Tenure of the Chairman***

2.9 Now the Chairman is to be appointed by the President in consultation with the Prime Minister and the Leader of the Opposition, for a period of four years for one term only. The Chairman NAB can be removed on the same grounds as in the case of a judge of a Supreme Court. Following would qualify to be appointed:

- (i) Retired Chief Justice or a judge of the Supreme Court or a Chief Justice of a High Court; or
- (ii) Retired Lieutenant General or equivalent in the Armed Forces of Pakistan; or
- (iii) A civil servant having retired in grade 22 or equivalent.

### ***(b) Appointment and Tenure of Deputy Chairman***

2.10 Deputy Chairman is appointed by the President of Pakistan in consultation with Chairman NAB for a non-extendable tenure of three years. The qualifications are:

- (i) Serving or retired Major General or equivalent in the Armed Forces of Pakistan; or
- (ii) Serving or retired civil servant of grade 21 or equivalent.

(c) *Appointment and Tenure of PGA*

2.11 Any person qualified to be a judge of the Supreme Court of Pakistan may be appointed by the President as Prosecutor General Accountability on the advice of the Chairman for a non-extendable tenure of three years.

## Some Unique Features

2.12 National Accountability Ordinance is a composite law that not only contains penal provisions but also creates the National Accountability Bureau and the Accountability Courts. Apart from the concepts of 'plea bargain' and 'voluntary return', already explained, some other unique features are discussed in this section.

2.13 The first of these is filing of reference and absence of a first information report or the FIR<sup>4</sup>. Another important feature of NAO is the criminalisation of loan default, an issue that has been in the domain of civil law previously. This has enabled NAB to take cognizance of the massive plunder of national wealth by the influentials through bank loans etc. NAB can take cognizance of a case of 'wilful default' on a reference from the Governor State Bank of Pakistan.

**Box 2:**

**Accountability Courts**

*Accountability Courts are defined and established under section 5(g) of the National Accountability Ordinance 1999, which states 'Court means an Accountability Court which shall consist of a judge, who shall be appointed by the President of Pakistan in consultation with the Chief Justice of the High Court concerned and shall hold office for a period of three years on such terms and conditions as may be determined by the President'.*

*Accountability Courts created under the NAO are under the administrative control of respective High Courts. Any sitting District and Sessions Judge eligible to become a Judge of the High Court may be appointed. The financial controls lie with Federal Law Ministry as in the case of all special courts. Tenure of the judge is fixed for three years to allow complete independence.*

2.14 According to the provisions of the Ordinance, the Bureau can take up a case of loan default only on a reference from State Bank of Pakistan. Also, provision is available for a Conciliation Committee (see chapter 1 para 1.12), whereby representatives of NAB, State Bank and the accused settle loan defaults outside the Court of Law. Another departure from the normal legal system in the Country is the maximum duration of the remand, i.e. ninety days, as compared to provision of fourteen days in previous laws.

2.15 All persons except the sitting members of higher judiciary and members of the Armed Forces fall within the purview of this law. The two exceptions are neither unique nor the first ever. A lot of misunderstanding revolves around these exclusions. Box 3 explains the concept.

<sup>3</sup> See 'Financial Crimes Investigation Wing', Chapter 4 for details.

<sup>4</sup> The concept of FIR emerges from the Criminal Procedure Code and there is a perception in some circles, including Courts of Law, that it has been misused over the years as once an FIR is registered the accused has to face prosecution.

**Box 3:****Why the Armed Forces and the Judiciary are excluded?**

*Two aspects of the National Accountability Ordinance attracting maximum criticism are: the exclusion of the Armed Forces of Pakistan and Superior Judiciary. Section 5 (m) (iv) of the Ordinance has excluded the members of Armed Forces of Pakistan from the definition of holder of public office. The members of Armed Forces are governed by a different set of statutes, which provide for an in-built accountability mechanism. Unlike other citizens, they do not enjoy fundamental rights.*

*However, members of Armed Forces of Pakistan holding, or those who held a post or office in any public corporation, bank, financial institution, or other organization established, controlled or administered by or under the Federal Government or a Provincial Government and the civilian employee of Armed Forces, are subject to National Accountability Ordinance.*

*Exclusion of judiciary has come about as a result of the Supreme Court Judgment commonly known as NAB vires case reported in PLD 2001 S.C 607 (Asfandiyar Wali Khan and others Vs. Federation of Pakistan and others), wherein it was held that the accountability of the judiciary cannot be given to the executive since it would breach the principle of independence of judiciary, a practice not unique to Pakistan. Here again only the sitting members of the higher judiciary are exempt from NAO.*

2.16 Arrest warrants under the Ordinance can be issued only under the signatures of the Chairman. Withdrawal of a case at any stage is also a unique feature provided in this law. The Chairman is authorized to withdraw a case under process in any Court of Law, only with the approval of the latter.

2.17 The National Accountability Ordinance now gives a comprehensive definition of corruption and corrupt practices. Section 9 of the amended Ordinance defines the following as acts of corruption by a holder of public office or any other person:-

- (i) If he accepts or obtains from any person or offers any gratification other than legal remuneration, as a motive or reward for doing or forbearing to do any official act, or to show favour in exercise of his official functions.
- (ii) If he accepts or obtains or offers any valuable thing without consideration, or for a consideration which he knows to be inadequate in connection with his official functions.
- (iii) If he dishonestly or fraudulently misappropriates any property entrusted to him or under this control.
- (iv) If he obtains or seeks to obtain by corrupt, dishonest or illegal means for himself or for his spouse, or dependents or any other person, any property, valuable thing or pecuniary advantage.
- (v) If he or any of his dependents or benamidars owns assets disproportionate to his known sources of income, which he cannot reasonably account for or maintains a standard of living not commensurate with his sources of income.
- (vi) If he misuses his authority to gain any benefit or favour for himself or any other person.
- (vii) If he has issued any directive or any SRO (Statutory Regulatory Order) which grants undue concession or benefit in any taxation matter to benefit himself or any other person.
- (viii) If he commits cheating or induces members of the public at large to deliver any property to any person.

- (ix) If he commits criminal breach of trust with regard to any property entrusted to him by members of the public at large.
- (x) If as a banker, merchant or factor he commits criminal breach of trust as defined in section 409 PPC; and,
- (xi) If he aids, assists, abets, attempts or acts in conspiracy to commit any of the above said offences.

**Box 4:**

**Comparison of Existing Anti-corruption Laws**

*There are three anti-corruption laws prevalent in the Country. Sections 161-165 of the Pakistan Penal Code 1860, Prevention of Corruption Act 1947 and the National Accountability Ordinance 1999. The first two are used by the Provincial Anti-corruption Establishments and the Federal Investigation Agency while the third is used by the National Accountability Bureau. Comparison of some salient features of these laws is as under:*

- 1. National Accountability Ordinance is a composite law that not only includes the penal provisions but also creates the Bureau and the Accountability Courts. In case of FIA and the ACEs, the agencies were created under the FIA Act 1974 and the West Pakistan Anti-corruption Establishment Ordinance 1961, respectively. The Federal and Provincial Special Courts wherein cases are filed by these agencies were created under the Criminal Law (Amendment) Act 1958.*
- 2. Maximum punishment under the National Accountability Ordinance is fourteen years, under PCA, it is 7 years and under the PPC, it is three years.*
- 3. Maximum remand possible under the NAO is ninety days while that under the other two statutes is 14 days.*

*The above provisions as well as certain others have created a situation of differential treatment between the offenders of same crime. Therefore NAB through National Anti-corruption Strategy has recommended uniform anti-corruption legal framework for the Country.*



## Chapter 3

# The Organization

NAB is organized at the Federal as well as regional levels as one institution, working in close collaboration according to well defined standard operating procedures. Horizontally, the Bureau consists of five regional offices known as NAB Sindh, NAB Punjab, NAB NWFP, NAB Balochistan and NAB Rawalpindi. The Headquarters are in Islamabad.

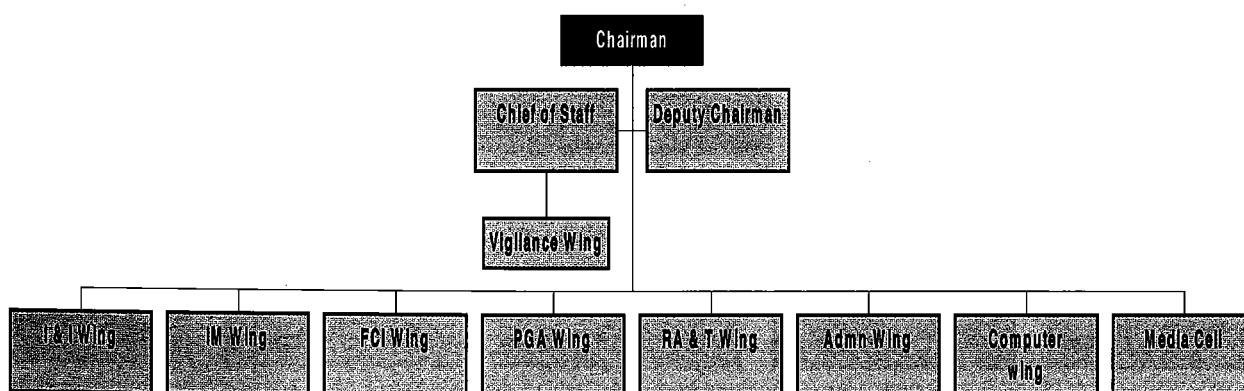
### Headquarters

3.2 The Headquarters performs the role of supervisory oversight and administrative control. Certain vital actions on operational matters are also centralized at the Headquarters level. These include specific approvals in the following areas:

- (i) Authorizing Investigations against civil servants of BPS 21 and above as well as other public office holders.
- (ii) Signing of Arrest warrants
- (iii) Reference signing
- (iv) Closure of cases
- (v) Withdrawal of cases
- (vi) Plea bargain
- (vii) Voluntary return
- (viii) Exit Control List (ECL)

3.3 The controls and procedures at the Headquarters level ensure objectivity, transparency and uniformity since the regional offices are directly involved in the investigation process and may fall prey to local subjective environment. However, the primary input in operational matters comes from the regional NABs and within the National Accountability Ordinance framework, they have complete freedom of action to inquire or investigate a case after formal authorization. The organogram of the Headquarters is given below:

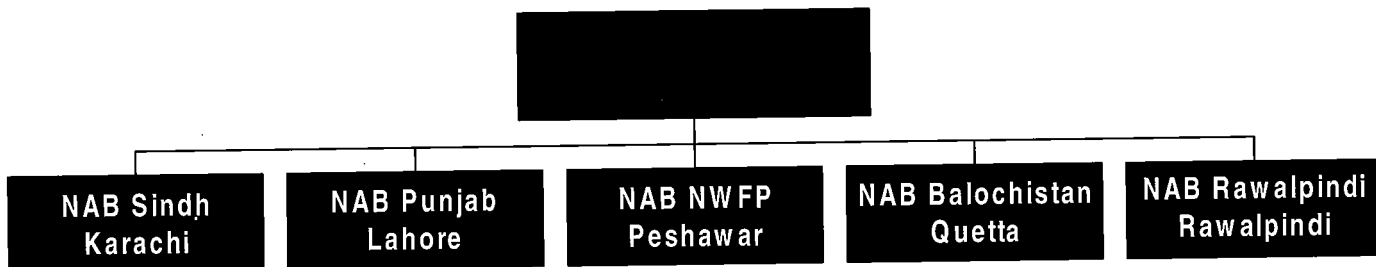
### NAB Headquarters



Laterally, NAB Headquarters is divided into the following wings:

- (i) Identification and Intelligence Wing (I&I)
- (ii) Investigation Monitoring Wing (IM Wing) (includes the Assets Investigation Cell)
- (iii) Financial Crime Investigation Wing (FCIW) (includes Overseas Wing)
- (iv) Prosecutor General Accountability Wing (PGA Wing)
- (v) Administration Wing
- (vi) Research, Analysis and Training (RA&T Wing)
- (vii) Computer Wing
- (viii) Media Cell
- (ix) Vigilance Wing

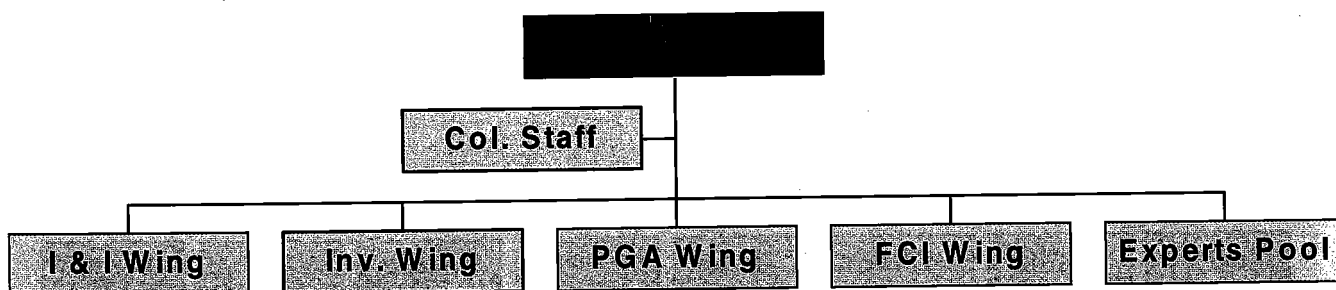
3.4 Details of each one of these wings appear later in the report. The first four perform the core functions of inquiry, investigation and prosecution through the regional NAB offices, while the others are support structures. Horizontally, the Bureau has the following organizational structure.



### Regional NABs

3.5 The regional offices are the field offices of NAB which conduct inquiries and investigations. In order to ensure complete objectivity and quality, the NAB headquarters monitors closely the process of investigation in all important cases. Like Headquarters, the Regional NABs are also organized on the basis of functional wings. As field outfits, they provide the core support in NAB operations.

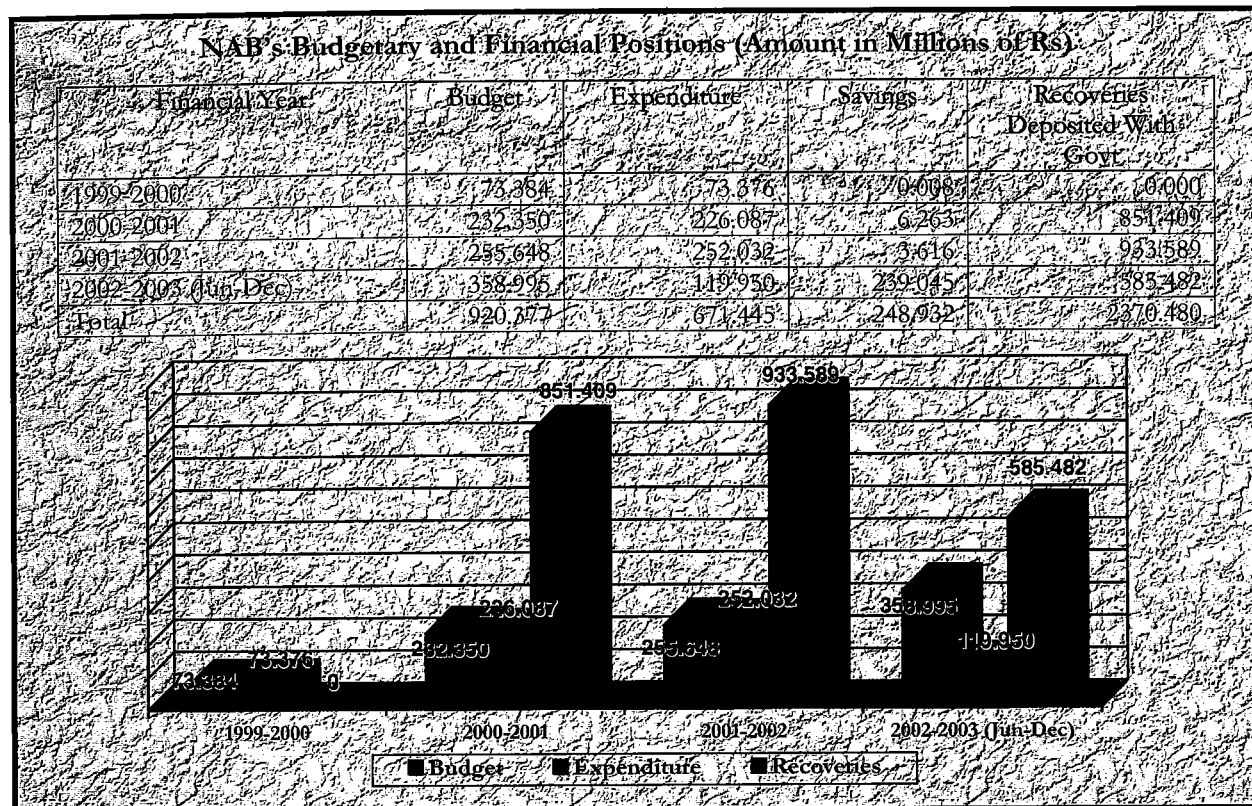
#### A Typical Regional NAB



## NAB's Financial Resources

3.6 Although NAB is functionally an independent body, it draws its financial resources from the Federal Budget. Its budget allocations, actual expenditures and amount of recoveries are tabulated below:-

Table – 1



3.7 It is worth mentioning here that the expenditure of Rs.73.376 million incurred during 1999-2000, was mainly on account of provision of operational infrastructure and meeting other needs, both in the shape of manpower and equipment etc. The above table brings out the following:

- (i) NAB has consistently followed principles of financial prudence by restricting its expenditures to bare minimum and within budgetary allocations.
- (ii) Unlike most Government departments where supplementary grants over and above the budgetary allocations are asked for, NAB has ensured savings and surrendered these to the Government.
- (iii) Against a total expenditure of Rs.671.445 million from November 1999 till December 2002, NAB has recovered and deposited Rs.2370.480 million in the Government treasury.

3.8 It is amply clear from the above table that NAB has not only ensured judicious use of federal resources, but has also increased the public revenues in net terms.

## Chapter 4

# The Core Structures

The core functions of NAB are inquiry, investigation and prosecution. Four different wings, the Identification and Inquiry Wing, Investigation Monitoring Wing, the Financial Crime Investigation Wing and the Prosecutor General Accountability Wing, perform these functions. The following paragraphs give an account of their output during 2002.

### Identification and Intelligence Wing (I&I Wing)

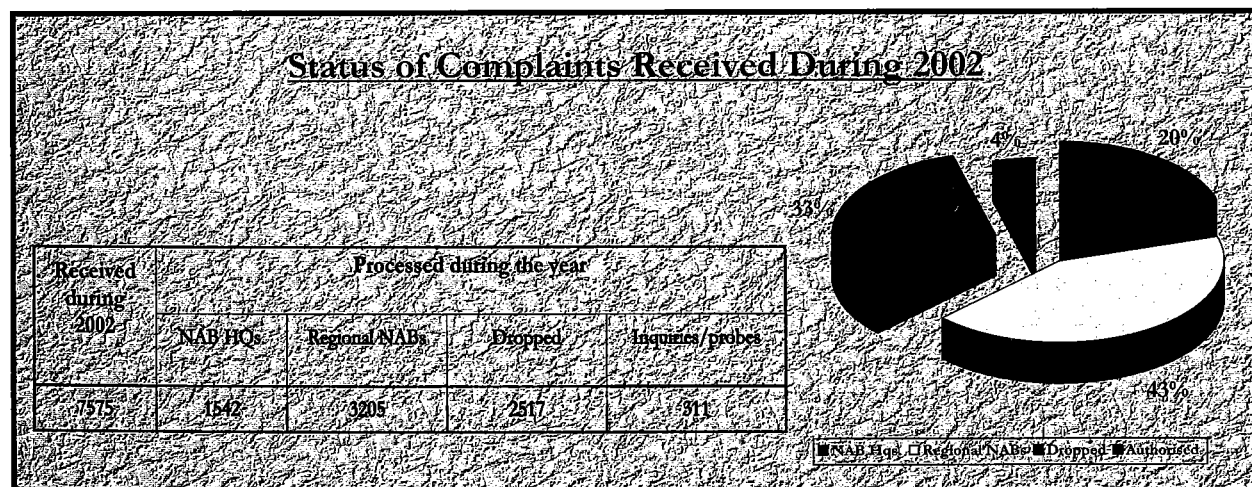
4.2 Receipt of complaints, their sifting and conducting formal inquiries are the functions performed by the I&I Wing. Complaints on white-collar crime are sometimes sent to the Chairman or a designated senior official of the Bureau. The emails are received in the Computer Wing. All these are processed by I&I Wing.

4.3 Once a formal inquiry is authorized by the Chairman or Director General of the concerned Regional NAB(as the case may be), the evidence available is evaluated. If it is considered reasonable, the case is assessed against the priority criteria based on:-

- (i) Estimated quantum of loss caused to the public exchequer.
- (ii) Possible impact on society.
- (iii) Profile of the accused.

In case the evidence weighs in favour of the accused, the matter is put up to the relevant competent authority for closure. A case that is finally considered fit for a detailed investigation is handed over to the Investigation Monitoring Wing. The following figures show the performance of the I&I Wing during 2002.

Table – 2



**Table – 3**  
**Complaints Referred by I&I (HQs) to Regional NABs**

<b>Regional NABs</b>	<b>Complaints</b>	<b>Inquiries/cases</b>
Sindh	1000	76
Punjab	1487	115
Rawalpindi	336	44
NWFP	273	34
Balochistan	109	22
<b>Total</b>	<b>3205</b>	<b>291</b>

**Table – 4**  
**Inquiries Dealt With in I&I Wing Headquarters**

<b>Carried Over</b>	<b>Authorized during the Year</b>	<b>Total</b>	<b>Finalized</b>
79	311	390	99

### **Investigation Monitoring Wing (IMW)**

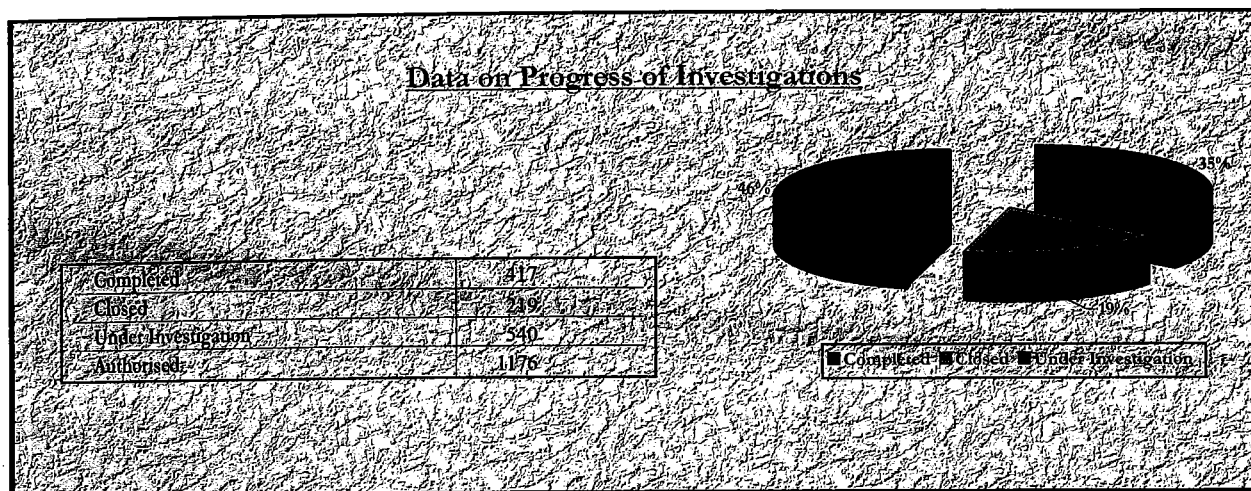
4.4 The IMW at NAB Headquarters monitors the investigation of cases of the regional NABs, so as to make a comprehensive reference in consultation with the Prosecution Wing within the provisions of National Accountability Ordinance (NAO), 1999. It scrutinizes and recommends cases to the Chairman for authorizing investigations under Sec 18 of the NAO. The IMW is responsible for placement of the accused individuals on Exit Control List in co-ordination with the Ministry of Interior. The requests of regional bureaus for issue of arrest warrants of accused individuals are processed by the IMW for approval of Chairman ensuring that these are justified and judicious. In addition, this wing processes the cases for Voluntary Return and Plea Bargain, which on acceptance by the Chairman are referred to the Court for approval. The Closure of cases is also processed by the IMW. The cases approved for closure are referred to the Court for final verdict.

4.5 A Director General (DG) heads the IMW and is responsible to the Chairman for all matters relating to investigations. He is assisted by a Director and works in conjunction with a team of desk officers. He also interacts with other investigation and intelligence agencies in the country.

### **Performance of the IMW**

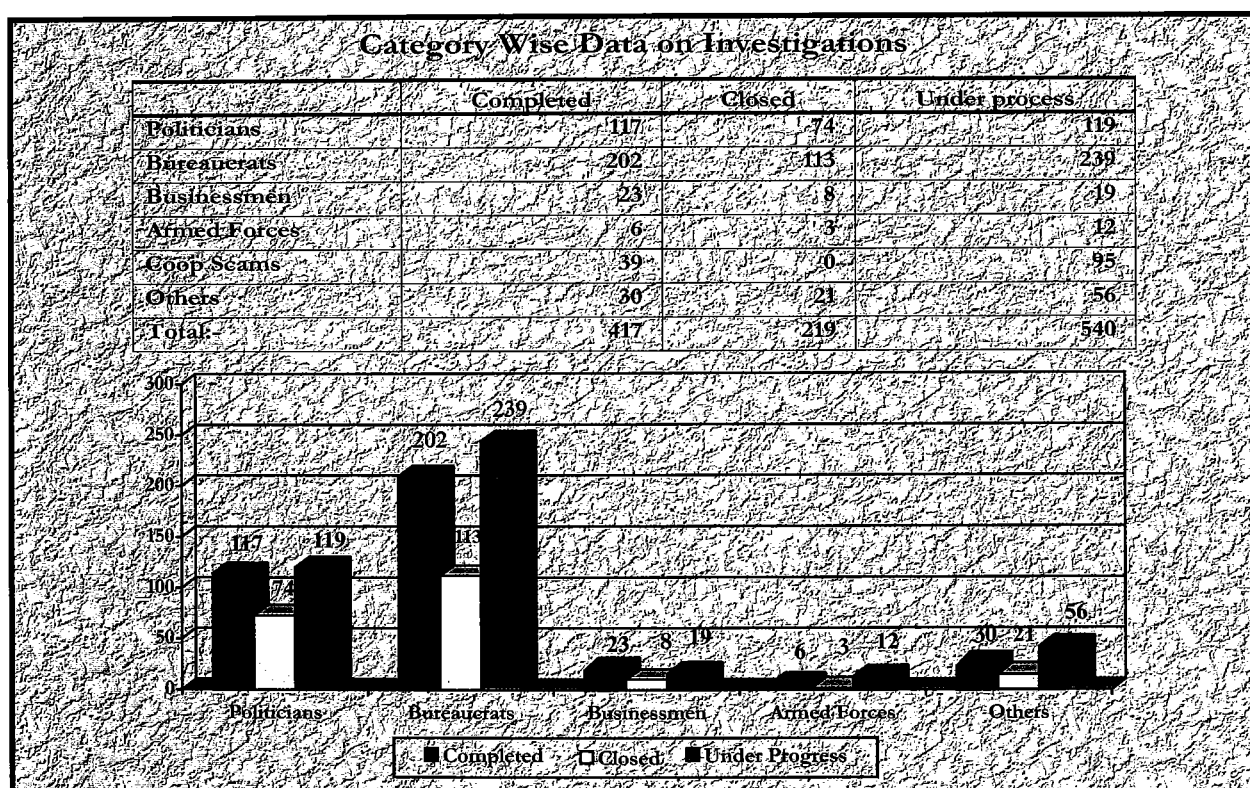
4.6 Total number of investigations handled by IM Wing over the period of three years uptill 31 December 2002, are:-

Table – 5



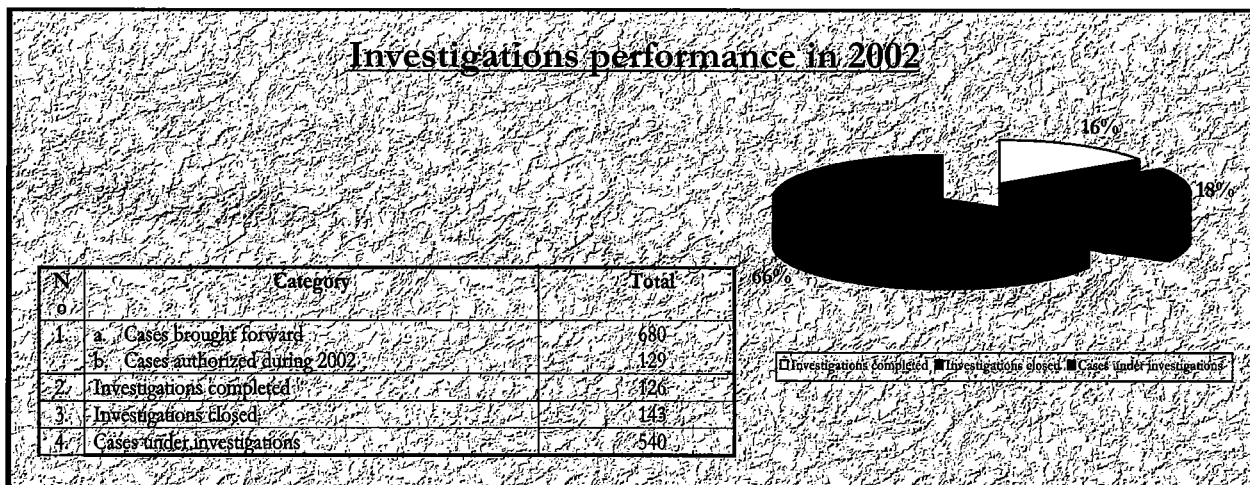
4.7 Category-wise data of investigations conducted by IM Wing (given below) clearly indicates that the accountability process has been extended to all significant segments of society:

Table – 6



4.8 Investigation data for the year 2002 is also depicted below:-

Table – 7



**Box 5:**

**Exit Control List (ECL)**

*The accused individuals against whom the investigation is authorized at times slip out of the country which retards the process of investigations. To stall such events, NAB has drawn up Standard Operating Procedures to process the requests sent by regional NABs for putting the accused individuals on ECL or removal of their names from the list. Names recommended for placement on or removal from ECL are forwarded to the Ministry of Interior, which is responsible for maintaining the list. The table below reflects the data of accused individuals placed on ECL upto 31 December 2002.*

No	Category	Numbers
1.	Politicians	68
2.	Bureaucrats	111
3.	Businessmen	50
4.	Armed Forces	6
5.	Others	117
6.	<b>Total:-</b>	<b>352</b>

**Assets Investigation Cell (AIC)**

4.9 Asset investigation is a significant core function of the Bureau, since assets accumulation beyond known sources of income is an offence under the NAO. Evidence of assets held by the accused, and his family, is collected. In the absence of its own specialists in this area, NAB has taken on deputation, experts from the Central Board of Revenue. These officers were initially inducted as Tax Experts. However, their role expanded with the increase in operations and complexity of cases. Initially established as the Experts Cell, this outfit has developed on professional lines and is now functioning as 'Assets Investigation Cell'. Having started with only 3 officers, it is now operative at all the Regional NABs with its representatives.

4.10 Since the creation of National Accountability Bureau, the Cell has also worked on various mega cases to investigate the sources of unaccounted acquisition of assets. Initially the prime areas of AIC activity were, investigation of cases of bureaucrats and public office holders. However, this area of activity was expanded and now it also includes cases involving corporate crimes and scams etc.

4.11 The cell collects and collates data on assets from various agencies which include Election Commission of Pakistan, Tax Department, Investigation agencies and Establishment Division etc. A preliminary report is generated after a comprehensive scrutiny of the available data. Further investigations are undertaken on the basis of this preliminary report. The cell has been able to create a useful databank on incomes and assets during the course of its operations.

4.12 Main achievements of AIC during the year 2002 are given below:-

- A large number of special assignments related to embezzlement of public money where common man was defrauded and cases of the officers of different departments as a project, were handled by the Cell during the year 2002.
- The tabulated results of only one special assignment on CBR officers is given below as a sample. The nature and quantum of the investigative expertise required for the experience was unique, given the case profiles:-

**Table – 8**

<b>No. of the officers involved</b>	<b>No. of Officers arrested during the year 2002</b>	<b>Cases closed during the year 2002</b>	<b>Cases where inv. is authorized</b>	<b>Inquiries in progress</b>
<b>43</b>	<b>05</b>	<b>05</b>	<b>10</b>	<b>23</b>
Breakup of 43 officers: BPS 21 = 06, BPS 20 = 21, BPS 19 = 16				

- In the year 2002, one of the members of the AIC was engaged by FCIW in a project under the Mutual Legal Assistance (MLA) agreement with the Government of Norway.
- The Cell has also played a coordinating role between NAB and CBR for obtaining data and other information related to investigations and critical operations.

4.13 In an undocumented economy, asset investigation is a difficult exercise. In the absence of authentic information about the real incomes and the assets actually owned by an accused person, the cell has to strive very hard for the required information. Discovery of looted money stashed abroad and the assets located abroad poses a real challenge. However, with the passage of time, the cell is able to use effectively the available expertise to overcome such impediments.



## Financial Crimes Investigation Wing (FCIW)

4.14 As already mentioned wilful loan default was made a crime under the National Accountability Ordinance 1999. To tackle the issue, a '**Banking Wing**' was established at NAB, in 1999, comprising a team of banking experts lent by various banks, including the State Bank of Pakistan. However, due to growing scope of work, especially relating to investigations of financial crimes in financial institutions as well as in other corporate and government entities, the need for broadening the area of operation of this Wing was felt. Consequently, in 2002, '**Banking Wing**' was redesignated as '**Financial Crimes Investigation Wing**' with a mandate to probe and investigate into the financial irregularities, white-collar crimes, mega frauds, embezzlements, kickbacks and money laundering, etc. Since NAB did not have any in-house expertise in these highly professional areas at the time of its inception, the country's banking system including the Central Bank seconded its experts to NAB. The Bureau gratefully acknowledges this gesture.

4.15 FCI Wing also provides assistance to various anti-corruption agencies and other Wings of NAB in collection of information from banks and financial institutions relating to ongoing cases. It is also responsible for collection and deposit of proceeds of Plea-Bargain and Voluntary Return, in the NAB's Recovery Account, as well as monthly transfer of recovery proceeds to Accountant General of Pakistan Revenue (AGPR). The Wing also keeps record of all inward and outward remittances from NAB's Recovery Account

4.16 The primary thrust of FCIW is to prosecute the loan defaulters as well as to settle chronic loan default cases with a two-pronged approach. It consists of:-

- (i) Improving the health of the financial institutions, and
- (ii) Inducing investment and subsequent economic activity.

4.17 FCIW took concrete steps in helping the banks and financial institutions in their drive towards recovery of defaulted loans. Based on the relentless efforts of NAB and active participation of these institutions, the data received from State Bank of Pakistan shows a cash recovery of Rs 23.721 Billion during the year 2002 (Jan –Dec 2002) against the defaulted loans. Details are given in the table below:

**Table – 9**  
**Recoveries by the Financial Crimes Investigation Wing**

Period	Recovery Against defaulted Loans	Rescheduling/ Restructuring
Jan-March 2002	5.697	1.618
Apr-Jun 2002	8.069	2.864
Jul-Sep 2002	5.017	0.094
Oct-Dec 2002	4.938	2.242
<b>Total</b>	<b>23.721</b>	<b>6.818</b>

*(Amount in Billion Rupees)*

4.18 Moreover, defaulted loan to the tune of Rs.6.818 Billion have been restructured / rescheduled by the banks and financial institutions during the same period. During the year 2002, the Governor State Bank of Pakistan has referred 11 complaints involving Rs 9 Billion where NAB has successfully facilitated settlements between the concerned banks and the defaulters.

4.19 During the period under review, FCIW carried out 7 major financial crime investigations involving an amount of over Rs.4 Billion, apart from handling loan default cases. Three references have already been filed in the Accountability Courts, while 4 other are in the process of being filed. At the end of the year 2002, 7 major investigations were in progress, involving substantial amounts. Details are given in Annex-I.

4.20 Under the procedure of taking up a loan default case, as a first step, the concerned bank issues a 30-days legal notice to a 'wilful loan defaulter' under the National Accountability Ordinance. After expiry of the limit if the loan remains in default, the matter is referred to State Bank. In the second step, Governor State Bank of Pakistan evaluates the case forwarded by the bank and issues a 7 days notice to the defaulter. After having gone through the response of the notice by the defaulter, if the Governor is satisfied that the defaulter has committed the offence of "wilful default", he refers the case to Chairman NAB and recommends that appropriate proceedings in respect of the defaulted loan be initiated against the defaulter.

**Box 6:**

**Why wilful loan defaults are considered corruption?**

*Throughout the nineties, and part of the eighties, huge lending decisions were routinely taken in Islamabad instead of being analyzed threadbare in the bank's boardroom by professional bankers. Handpicked persons having no professional background were placed in powerful positions in the banks and development finance institutions. Adverse impact of these decisions on the viability of the banking sector was the obvious consequence. The once flourishing banking sector making positive contribution to the economic development of the country turned into economic drains due to massive increase in the non-performing loans portfolio of the then nationalized banks and development finance institutions.*

*Though the sick loan portfolio in the banks started to swell as early as the mid eighties, the same was not publicly acknowledged in the bank's books. One particular practice to achieve this objective was resorting to a technique known as rescheduling or restructuring of bad loans. Every time when a loan went bad, necessitating a bad loan provision, the same was restructured or rescheduled without any real justification. In this manner these bad loans were kept "evergreen" and shown as income generating and performing assets in the bank books. The outcome of these practices, though not unexpected, but nevertheless was shocking when finally the banking regulators took a strong exception to the situation and forced the banks to make public the sizes of their non-performing loans which stood at a staggering figure of almost Rs. 200 billion by the end of 1999. There was no other way but to take drastic action.*

## **Money Laundering**

4.21 The Federal Government constituted a working Group on Money Laundering in which two senior officials of FCIW were named as members. The aim of this Working Group was to identify the loopholes in our financial sector and to draft legislation to curb money laundering in line with International Standards. The draft anti-money laundering law has since been finalized by the group and is currently being vetted by the Ministry of Law. Pakistan is the member of Asia Pacific Group on Money Laundering (APG) and NAB being the focal point, has represented Pakistan in almost all the events and activities arranged by APG as well as other international bodies like Financial Action Task Force (FATF) and Egmont Group.

## The Overseas Wing

4.22 The Overseas Wing works under the overall supervision of the Financial Crimes Investigation Wing and is responsible for Overseas Operations involving investigation of offences relating to Money Laundering, proceeds of crimes transferred abroad and white collar crimes. It is also responsible for extradition and deportation of absconders from abroad. Repatriation of looted money stashed abroad in the form of moveable or immoveable assets, is another area of its operations. The Wing has also been engaged in handling matters relating to the ADB-OECD Convention on Corruption, to which Pakistan is a signatory.

4.23 Overseas operations is a difficult area, since dealing with foreign jurisdictions requires knowledge of the complexities of their laws. In case of Pakistan, a major deficiency has been the absence of mutual legal assistance agreements with a number of countries that would make cooperation in crime fighting easier. Therefore, the Overseas Wing, apart from its routine operational activities, has also been involved in pursuing Mutual Legal Assistance Agreements (MLAs) with various countries to ease the task of chasing looters of national wealth and recovery of the plundered money. At present two bilateral treaties are under process. The Wing plays a pivotal role in the Pak UK Joint Judicial Cooperation Working Group, and is also a key member of the Asia Pacific Group on Anti-Money Laundering.

### Box 7:

### Money Laundering

*Methods to whiten proceeds of crime are available domestically but most of large scale embezzlements find their way to international destinations. Safe havens abroad with extremely 'consumer friendly' laws are host to the bulk of these funds. These laws make the task of investigators extremely difficult. Even countries that are not considered safe havens have very cumbersome procedures. Post September 2001 era has, however, witnessed some marginal improvements.*

*Domestically an undocumented economy and factors like 'hawala or alternate value transfer systems' make it convenient for individuals to send money abroad. A draft anti money laundering law is under active consideration of the government, at present.*

4.24 The achievements of the wing during 2002 are given below:

#### (a) Extradition

- A formal request for extradition was made to the Government of UAE in respect of two absconders in the Emirates Bank fraud case involving a sum of Rs. 288 million. The UAE Government in the spirit of mutual cooperation apprehended the two absconders and deported them to Pakistan.
- Another absconder in the same case has been apprehended by the US authorities. He has pleaded guilty to one count of immigration fraud in the Eastern District of Virginia.

#### (b) Mutual Legal Assistance

- During the period under review, numerous Mutual Legal Assistance requests have been processed by the Overseas Wing.

- The Wing has successfully completed a financial crimes investigation jointly with the NAB's FCIW and Assets Investigation Cell for the Royal Norwegian Government.
- Overseas Wing actively communicates with UK Home Office, US Department of Justice, US State Department, Fin CEN, Egmont Group, APG, Swiss Authorities, Australian Federal Police, Canadian Police, Norwegian Authorities, UAE Authorities and other concerned agencies to seek assistance in various areas of mutual concern which include Asset Searching, Confiscation and Forfeiture etc.

***(c) Collection of Material Evidence***

- To date, Overseas Wing has succeeded in procuring material evidence of properties, companies and bank accounts in certain high profile cases from abroad. The financial gains from the successful culmination of these cases would bring substantial amounts in foreign exchange to the country.

***Joint Judicial Cooperation Working Group (JJCWG)***

4.25 The Joint Judicial Cooperation Working Group was established by the British Government in January 2002 to streamline cooperation between Pakistan and UK, in the fields of Mutual Legal Assistance, Extradition, Terrorism and Anti-Corruption Legislation. The objective of JJCWG is to explore areas of mutual interest in detail and identify a modus operandi for cooperation. Two meetings of the Group have been held so far and a joint working paper has been prepared by the two sides.

***Asia Pacific Group on Money Laundering (APG)***

4.26 Asia Pacific Group on Money Laundering was established as an autonomous regional anti-money laundering body in February 1997. The purpose of APG is to facilitate the adoption, implementation and enforcement of internationally accepted anti-money laundering standards as set out in the Forty Eight Recommendations of Financial Action Task Force on Money Laundering (FATF).

4.27 Pakistan formally became the member of APG in year 2000. Since then, Pakistan has actively participated in almost all the events and activities announced by the APG. On special invitation of APG Secretariat, NAB successfully participated in the Mutual Evaluation of South Korea as an "Additional Evaluator" alongwith experts from USA, Australia and Singapore. NAB has also the honour of becoming an "Intervener" for the Mutual Evaluation of Indonesia during the APG's annual meeting held in Brisbane.

***Contribution to UN Draft Convention on Corruption:***

4.28 NAB represents the Government of Pakistan as being the major stakeholder in the UN Convention on corruption. The Ad Hoc Committee under the auspices of UN's General Assembly was assigned to prepare a draft of a multilateral treaty on all aspects of corruption to serve as an effective global instrument to combat corruption and also become a means to

implement preventive measures, prosecute corrupt persons and enable repatriation of illicitly acquired and hidden wealth. NAB made substantial contributions for Pakistan delegation in the UN General Assembly's Ad Hoc Committee sessions in Vienna. NAB's nominee presented numerous proposals for facilitating recovery of assets and also addressed the Committee sessions. The input was finalized after extensive discussions within NAB. Pakistan also chaired a special working group and is currently leading the negotiation process on behalf of developing states. Proposal presented on behalf of NAB on issues of continuing offence, criminalization of illicit enrichment, prompt freezing of assets, unconditional repatriation etc., received support from the developing states. The negotiations process has entered its final phase of the third and final reading. Several other states have requested input from NAB on technical understanding of the issues and legal aspects of the proposals made by the developed states.

4.29 Pakistan's contribution has been formally and appreciatively acknowledged internationally. The British Home Office has, for example, appreciated the NAB's expertise in negotiating the mutual legal assistance requests and exchange of vital information with various foreign jurisdictions. The United States Government Interagency Assessment Report has also acknowledged NAB's efforts in these words: **"The NAB currently has the most vigorous financial investigative abilities among law enforcement agencies..... The NAB's financial abilities and oversight powers represent a potential resource for training of law enforcement agencies in the conduct of terrorist money laundering investigations."**

## **NAB's International Interaction**

4.30 The year 2002 also saw a very active involvement of NAB and its officers at the international forums. These visits resulted in substantial inputs from NAB experts on corruption and accountability themes as well as on issues like hawala or hundi, anti-money laundering laws, terrorist financing and asset forfeiture. A list of some significant international participations by NAB is given below:-

4.31 Apart from the above, NAB officers also undertook visits abroad to conduct important negotiations with foreign governments and lawyers, resulting in procurement of vital information against the absconders and looters.

**Table – 10**  
**NAB's Interaction With International Agencies**

<b>S. No.</b>	<b>Forum/purpose</b>	<b>Venue</b>
1.	International Parliamentary Union (IPU) Committee Meeting	Switzerland & UK
2.	Ist Session of Ad-hoc Committee on the Negotiations of a convention against corruption	Vienna
3.	FATF Seminar on Terrorist of Financing	Hong Kong
4.	DFID – TI(UK) MLA Seminar	UK/USA
5.	Meeting with U.K Home Office and High Commission for Pakistan London	UK
6.	US Pak Joint Working Group Meeting	USA
7.	International Conference on Hawala	Abu Dhabi
8.	Terrorist Financing / Asset Forfeiture Conference	UK
9.	Joint Judicial Working Group Meeting	UK
10.	PAK-UK Joint Judicial Cooperation Working Group Meeting	UK
11.	Terrorist Financing / AML	USA (Washington)
12.	APG Annual Conference	Brisbane / Australia
13.	Terrorist Financing / AML	Washington USA
14.	Second Session of Ad Hoc Committee on the Negotiation of a UN Convention Against Corruption	Austria
15.	APG Mutual Evaluation of Korea	Seoul, Korea
16.	Conference on Forfeiting the Proceeds of Terrorist Organization	London, UK
17.	Meeting with Officials of UK Home Office, M/s Broadsheet Liquidators of Rockwood Estates and Python Schifferli, and Peter Associates	UK and Switzerland
18.	Third Session of the Ad Hoc Committee for the Negotiations of a Convention Against Corruption	Vienna, Austria
19.	Conference on Hawala and Informal Value Transfer System	Oaxaca, Mexico (USA)
20.	Egmont Group / UN GPML Trg Seminar on Global Money Laundering	Oaxaca, Mexico (USA)
21.	Meeting with Norwegian Police Department in connection with a case of money laundering	Norway
22.	Advanced Hawala Seminar at FBI Academy – Virginia USA	Quantico, Virginia USA

## **Prosecutor General Accountability Wing**

4.32 Unlike other investigation agencies in the Country, prosecution is very much an internal function of the National Accountability Bureau. As NAB moved into the third year of its operations, the role of the PGA Wing expanded. The expansion has been the result of maturity of cases decided in the Accountability Courts which are now in the appeal stage. Also writ petitions have become more frequent. PGA Wing hires the services of independent prosecutors on a case-to-case basis. It monitors their work and provides the direction where necessary. Given the high profile cases handled by NAB, the allowance to select prosecutors from the market has helped in successful prosecution. Lately the Wing has been involved in activities other than routine operational work. These include inputs for National Anti-Corruption Strategy, handling of legal issues arising out of specified FIA functions take over and recent amendments to the National Accountability Ordinance. The figures below quantify the output of the PGA Wing to date.

**Table – 11**  
**Overall Prosecution Profile**

<b>Cases Filed</b>	<b>Decided</b>	<b>Convicted</b>	<b>Acquitted</b>	<b>Withdrawn</b>	<b>In Progress</b>
<b>530</b>	<b>304</b>	<b>256</b>	<b>42</b>	<b>6</b>	<b>226</b>

4.33 The PGA Wing also remained deeply involved during 2002, not only in developing amendments in the National Accountability Ordinance but also carried out a detailed analysis of various laws, in the context of transfer of anti-corruption functions from FIA to NAB. The following laws on the FIA schedule were analyzed:-

- (i) Sections 161, 162, 163, 164, 165, 165 (A) and 409 of PPC.
- (ii) The Prevention of Corruption Act, 1947.
- (iii) The Banking Companies Ordinance, 1962.
- (iv) The Foreign Exchange Regulation Act, 1947.
- (v) The Foreign Exchange Repatriation Regulation, 1972.
- (vi) The Foreign Assets (Declaration) Regulation, 1972.
- (vii) The Banks (Nationalization) Act, 1974.
- (viii) The Import and Export (Control) Act, 1950.

## **Chapter 5**

# **The Support Structures**

Like any other organization, NAB has supporting functions for its core operations. These functions are performed by the Administration, Research, Analysis and Training, Media, Computer and Vigilance Wings. Their role is as critical to quality output of the Bureau, as the operational efficiency of the core Wings.

### **Administration Wing**

5.2 Administration Wing of NAB performs multiple functions. It manages the human resources, physical assets and the finances of the Bureau. When NAB began its operations in November 1999, it was given the resources of the erstwhile Ehtesab Bureau, which was also working with inadequate resources. To handle the process of accountability more effectively, five Regional Offices were established, which added to the responsibilities of the Administration Wing.

5.3 The Bureau was initially authorized 402 posts. Over the years, this strength has increased in view of the increase in the workload. At present total number of sanctioned posts in various grades and categories is 1174. This increase has helped in strengthening the regional offices. Various categories of NAB employees comprise the following:-

- (i) Civil servants on deputation
- (ii) Armed forces personnel on deputation / secondment
- (iii) Contractual employees, both at officer and non-officer level.
- (iv) Consultants – mainly legal consultants hired by the PGA Wing
- (v) Bankers on secondment from their respective Banks (The salaries are paid by the parent banks)
- (vi) Investigation officers on attachment from the Federal Investigation Agency and the Provincial Anti-corruption Establishments.

### **Human Resource Management**

5.4 The Bureau has faced acute shortage of supporting staff since inception. The October 2002 elections resulted in sizeable repatriation of the borrowed provincial staff to the parent departments, thereby aggravating the already adverse manpower position in the Regional NABs. The Administration Wing got 271 posts sanctioned from the Government and distributed these to the Regional Bureaus.

5.5 Administration Wing has also remained occupied in the recruitment of its own cadre of officers. Accordingly, it has successfully recruited 24 Investigation officers (BPS-17) through the Federal Public Service Commission. Another batch of 37 officers in various grades were appointed on contract/deputation from other agencies and departments through a comprehensively planned selection process. Training of these officers has been arranged through the Research, Analysis and Training Wing of the NAB.



5.6 The Administration Wing also carried out an extensive exercise to frame NAB's Terms and Conditions of Services(TCS) and Method of Appointment and Qualification(MAQ) for its employees and finalized these in consultation with the Ministry of Law, Establishment Division and Finance Division. Both these documents have been notified in the official gazette and provide a service structure with prospects of career progression. In order to attract suitable and experienced officers and staff, the procedure of permanent induction of individuals from the Armed Forces, civil officers and existing staff in NAB has also been finalized.

#### **Premises**

5.7 NAB Headquarters was temporarily housed in the Prime Minister Secretariat Building during the first three years of its existence. After the general election of 2002, this building was vacated. The Administration Wing managed a smooth transfer of records and personnel of the NAB Headquarters to its new premises, simultaneously undertaking modifications in the structures and facilities at the new premises in a few month's time. The Regional NABs remained housed in the following borrowed offices during the last 3 years:-

a.	NAB Sindh	MPA Hostel
b.	NAB Punjab	Chamba House Lahore (Ministry of Housing and Works property)
c.	NAB Rawalpindi	Rawalpindi Medical College Boys Hostel
d.	NAB NWFP	MPA Hostel
e.	NAB Balochistan	MPA Hostel

5.8 In the wake of the general elections of 10<sup>th</sup> October 2002, NAB HQ arranged the funds amounting to Rs.6.793 million in order to expedite shifting of offices to alternate accommodation. Except NAB Rawalpindi and NAB Punjab, all other regional NABs have shifted to their new premises.

#### **Deficiencies**

5.9 In addition to the inadequate number of support staff, the most critical deficiency has been paucity of operational vehicles, especially for the investigation officers, who have to travel long distances for performing their duties. To meet the essential transport requirements, NAB HQ has purchased nine confiscated vehicles from CBR at a cost of Rs.7.889 million alongwith arrangement of some new vehicles through other government channels. However, NAB still needs more vehicles to meet the operational requirements, for which necessary approval of the Government is being sought.

#### **Research, Analysis and Training Wing (RA&TW)**

5.10 Starting with a total strength of 2 officers and 2 support staff, the Research, Analysis and Training Wing has taken big strides in its first functional year. The charter of the Wing, apart

form training matters includes, development of NAB's Standard Operating Procedures, compiling material and data for the year book, its publication, as well as undertaking analytical studies entrusted to the Wing. The Wing also organizes seminars and workshops on corruption, accountability themes and related issues.

5.11 During 2002, the Wing remained busy in the compilation and publication of the year book 2001, development of training courses and syllabi, formulation of the Standard Operating Procedures of NAB and survey of training venues for the training programs. It also interacted with various sections of the society for arranging workshops and seminars.

5.12 A seminar was organized by the Wing in collaboration with the Media Cell in connection with the 2002 Spring Festival activities, on 20<sup>th</sup> April, 2002. The objective was to carry NAB's message to various segments of the society and to initiate the process of awareness. The seminar comprised two thematic topics, namely: "Legal Challenges in the Fight Against Corruption" and "Accountability in Perspective: Past, Present and Future." The distinguished speakers invited to deliberate on these topics were the Federal Minister for Law and Justice and the Auditor General of Pakistan, respectively. Chairman NAB presided and delivered the keynote address. The invitees to the seminar represented all sections of the society and the event attracted impressive media coverage.

5.13 A two day internal workshop was also arranged by the RA&T Wing in the month of July, 2002 at NAB Headquarters. The objective was to study various features of NAO and its applications vis-à-vis legal procedures by providing a forum for discussion for the officers involved in NAB operations. Twelve senior officers from the Prosecution and IM Wings of each Regional NAB participated. Anti-corruption laws, which remained enforced from time to time since 1947, were discussed for the purpose of comparison. Case studies relevant to the theme of the Workshop were also deliberated upon.

## **Training**

5.14 With no training facilities of its own (e.g. the training venue, resource persons and faculty members etc.), RA&T Wing was tasked to arrange an elaborate and exhaustive training program for the newly recruited officers. The Wing conducted training needs assessment (TNA) in consultation with each Wing of the NAB as well as other institutions and individuals with relevant background. The training modules so developed are exhaustive in their content and provide useful professional insight to the young investigation officers. The training course consisting of four modules covers various aspects of functioning of the Government, ethics and morality, Information Technology, anti-corruption laws, criminology, white collar crimes and simulation exercises etc. The course is spread over nine months of academic activity, to be followed by a 3 month on-the-job training.

5.15 Equally important was the task of selecting premises for conducting the training courses. Many options, including the National Police Academy, Islamabad and the Directorate of Training, Direct Taxes, Lahore were considered. However, finally Punjab Police College Sihala was selected as it fulfilled maximum requirements of the course, including the on-campus living facilities for the trainee officers.

5.16 NAB's training limitations are not just the absence of a training syllabi and venue, but also absence of a regular faculty and resource persons. The RA&T Wing addressed this inadequacy and a visiting faculty for the whole course was ensured by inviting experts and subject specialists from various training institutions, government offices, corporate sector, universities and private sector. Various wings of the NAB Headquarters as well as the regional offices provided substantial inputs in developing teaching material. They also contributed substantially by deputing their experts for instructional assignments.

5.17 Alongside, the nine months training course for the newly recruited officers, a five week course for 37 officers, taken on deputation and contract from various agencies and government departments, was also developed by the RA&T Wing. Chairman NAB inaugurated the above training courses. The inaugural session was attended by the Inspector General Police (Punjab), apart from senior officers of NAB and the faculty of Punjab Police College.

**Box 8: Chairman's message to the newly inducted Investigation Officers**

*(Extracts from Chairman's address at inauguration of the course for Investigation officers)*

*"Mind you it is an onerous task that you will eventually be undertaking. Corruption in this Country is deep rooted and those fighting it find more foes than friends. But it is a task that needs to be undertaken, and undertaken seriously, for our survival, for our prosperity and for our resolve to stand up proudly in the comity of Nations. We have a lot of ground to cover as our slide into the crevice started right from the early days....."*

*..... All of you are privileged to join such an organization and you should be proud that you proved yourself worthy of being selected on merit. However, the journey for all of you begins from here. Corruption in Pakistan is far from eradicated; there is a long and difficult road ahead. Investigating Officers are the lead contingent in the struggle. It is your professionalism that will not only determine the effectiveness and reputation of this organization but also the degree of success that we attain in our war against corruption".*

5.18 With the present strength of six officers and seven staff members, the Wing headed by a DG (BS-21), is not only ensuring conduct of the courses, but is also evaluating the course content, the quality of instruction and the extent of benefit to the trainees on the basis of criteria developed by the Wing.

5.19 The Wing has, in addition to the above, planned twelve courses of two weeks duration each on various professional themes for the year 2003 as well as 5 regional workshops to be conducted at all regional NABs. Its reorganization as prevention, awareness, research and training wing, in line with the new role of NAB is in process.

## **Media Cell**

5.20 The Media Cell is NAB's public relations Wing as well as a communication channel with the public and private sector media entities. It also functions as a vehicle of spreading awareness about accountability drive of the NAB. It, therefore, provides a vital link between the Bureau and various sections of the society and organs of state.

5.21 Media Cell's main focus of efforts during 2002 has been the following specific areas: -

- i) Projection of NAB as a credible anti-corruption agency.

- ii) Designing and executing awareness programmes.
- iii) Creating and highlighting impact of accountability drive.
- iv) Projection and propagation of National Anti-corruption strategy through the media and media-related tools.

5.22 Accordingly, the following major events were arranged, which had significant impact in raising awareness against corruption:-

- a) A 13-episode drama serial on corruption in collaboration with Pakistan Television (Pvt) was produced and televised during Oct 2001 – March 2002. The play titled “saza aur jaza” (Punishment and Reward) was created by a team of professionals from the themes given by NAB based on its own case studies. It soon became quite popular and grossed Rs.20.25 million in advertisement revenues for Pakistan Television Corporation.
- b) Documentaries on following three areas were also produced and televised by the Media Cell through PTV during Oct 2001 – August 2002:
  - i) District Land Revenue System
  - ii) Taxation System in Pakistan
  - iii) Malpractices in the construction sector in Pakistan
- c) Two panel discussions on corruption, with some very eminent panelists have also been prepared and are ready to be televised.
- d) Special stories, articles, focused write-ups and editorials were placed in national papers and periodicals in Urdu & English. Special newspaper supplements on the themes of accountability and corruption were also brought out during the year 2002.
- e) Regular in-house press briefings on achievements in terms of NABs recoveries, prosecutions and convictions data, were arranged during the whole year.

5.23 The year saw greater public outreach by the Bureau. Senior officials, including the Chairman, interacted with people and the media on different occasions. These included:

- a) News-cum-current affairs programme titled “views and reviews” and “panel discussion” produced through PTV.
- b) Pakistan Broadcasting Corporation’s live phone-in-interviews of Chairman and Prosecutor General Accountability.
- c) Live TV interviews “Face the Nation: Encounter” (Morning News & News Night) featuring NAB officers as guest speakers were produced and televised during 2001-2002. Live interviews of Chairman during NACS workshop and TI – NAB Seminar were televised. Interviews on ARY digital TV channel, Geo TV and Indus Vision were also arranged.

5.24 Two major occasions where Media Cell accepted the first ever publicity challenges were the NACS Workshop and the Transparency International Workshop, both at Islamabad. The

National Anti-corruption Strategy Workshop in Islamabad (19<sup>th</sup> and 20<sup>th</sup> July, 2002) was inaugurated by the President of Pakistan and participated by over three hundred delegates from all over the Country, apart from foreign nationals. Media Cell managed a very well coordinated publicity campaign, including TV interviews for the Chairman and some foreign participants. The TI workshop (19<sup>th</sup> September, 2002) was aimed at bringing together prominent politicians of the Country to take a nationwide pledge against corruption. Coverage was arranged through major channels and newspapers in the Country.

5.25 The Wing has come a long way during the three years' existence and looks forward to break new grounds in its future role as a vital force in the implementational phase of the National Anti-corruption Strategy.

**Box 9:**

**Addresses By The Chairman NAB**

S.#	Date	Forum/Topic
1.	02.03.2002	NACS Seminar in Agriculture Academy Peshawar.
2.	14.03.2002	Provincial Workshop of NACS in Karachi.
3.	21.03.2002	Provincial Workshop of NACS Project, Lahore
4.	02.04.2002	The Provincial Workshop of NACS Project, Quetta
5.	20.04.2002	Keynote address at seminar on “ Role of NAB in Arresting Abuse of Power in Government Sector” in connection with 2002 Spring festival.
6.	08.06.2002	Inaugural address – The institute of Internal Auditors of Pakistan Chapter at Lahore.
7.	19.06.2002	Sarhad Chamber of Commerce and Industry, Peshawar.
8.	22.06.2002	National Defence College, Islamabad
9.	25.06.2002	Keynote address on “Accountability in Pakistan” at Civil Services Academy, Lahore
10.	19.07.2002	NACS Workshop at Islamabad
11.	10.09 .2002	Seminar on Pledge by Politicians Against Corruption arranged by NAB and TI Pakistan
12.	16.09.2002	National Institute of Public Administration, Lahore.
13.	04.11.2002	Management Association of Pakistan, Lahore.
14.	25.11.2002	National Defence College (NDC), Islamabad

## Computer Wing

5.26 Computer Wing has been assigned the task of creating an automated work environment and culture in NAB, creation and maintenance of databases for operational needs as well as developing and maintaining a website for the Bureau. In addition, it manages an email address meant for receiving public complaints and feedback.

5.27 The Wing has traveled a long way in year 2002. Information technology is now more ingrained into the work culture of the Bureau than ever before. Networks have mushroomed, databases have grown in size and quality of information held has improved. Shifting to new premises offered to this Wing, both a challenge and an opportunity, of re-establishment of whole networking infrastructure in a more professional manner.

5.28 To ensure optimal use of the facilities, the Computer Wing has also carried out training exercises. After introduction of Wide Area Network, detailed training sessions spreading to 3 months and encompassing 10 short courses were conducted for 17 officers and 30 staff members of NAB. In addition, a four week computer and IT orientation training component was also designed by the Computer Wing for 61 newly recruited and inducted NAB officers, on the request of Research, Analysis and Training Wing. The officers of the Computer Wing successfully conducted this training sub-module.

5.29 To assist the operations of the Bureau, the Wing has developed two databases in NAB. Support Database, has been developed on the basis of inputs from State Bank of Pakistan and various Government Departments. It contains useful information on the following:-

- 1) Motor Registration Authorities
- 2) Central Board of Revenue
- 3) Pakistan Telecommunication Company Limited
- 4) Federal Investigation Agency
- 5) Anti-Corruption Establishments etc
- 6) Urban Development Authorities

5.30 The other database is the Operational Database. It provides in-depth analytical statistics for command echelons to decide about the future course and action plan. The details of writs and appeal at higher pedestal of judicial hierarchy are also incorporated in this database.

5.31 Another major feature of Information Management System (IMS) established at NAB is its interconnectivity. Each regional office and NAB HQ have established their independent Local Area Networks (LAN). Till the end of year 2001 only 36 computers at NAB HQ were put on LAN. During the year 2002, the figure has increased to 87 users. The Wide Area Network or WAN of NAB was established between Headquarters and all regional offices with a view to sharing information and resources. NAB has been able to hook up its 192 computers on WAN between HQ and regional offices. A feasibility study is in progress for establishing LAN/WAN for Anti-corruption Establishments of all the provinces and its ultimate interfacing with NAB's Intranet.

5.32 Another task undertaken by Computer Wing has been the standardization of operating system on all computers in NAB, specially those hooked up with LAN and WAN. Various operating systems were giving compatibility problems. It was, therefore, felt necessary to switch to one operating system throughout LAN and WAN. For this purpose over 75 computers were reprogrammed.

## **Vigilance Wing**

5.33 Vigilance Wing of NAB was upgraded to Intelligence Wing in August 2002 to create an atmosphere of checks and balance within the NAB. Its primary tasks are to provide security to NAB Headquarter and exercise vigilance over its own employees for any wrong doing. **An elaborate organization is in the pipeline for functioning of this Wing.**

5.34 In this short period and with limited resources the Wing established adhoc detachment to monitor all activities of Regional Bureaus. Besides other cases being investigated and concluded recently, two NAB officials alongwith their front men were apprehended for extortion of money.

5.35 The Wing received a number of applications and complaints through the Chairman which were enquired at appropriate level and were brought to logical conclusions. It also appraises Chairman from time to time with regard to security and intelligence matters and suggests remedial measures to counter any white collar crime within NAB.

## Chapter 6

# Contribution of Regional NABs

National Accountability Bureau's operational activity is conducted in the provinces through five Regional Bureaus located at Karachi, Lahore, Rawalpindi, Quetta and Peshawar. In all these Bureaus, various wings i.e., Coordination Wing, Identification and Intelligence Wing, Investigation Wing, Prosecution Wing and Administration Wing, carry out their respective functions under the supervision of a Director General. All aspects of performance of the Regional Bureaus are closely monitored by the NAB Headquarters.

6.2 Individual performance of Regional NABs is summarized in this chapter. Detailed information about high profile conviction cases pertaining to year 2002, lists of Voluntary Returns and Plea Bargains and other relevant data is given at Annex II, III, IV, V and VI.

### **NAB Sindh:**

6.3 During 2002 NAB Sindh focussed on financial crimes like bank defaults, kickbacks, forgery, illegal money transfers and activities of land grabbing mafias. The land scams involved illegal and unauthorized allotments, conversions, adjustments and exchange of state land at throwaway prices. Being the economic capital of Pakistan and the seat of major industries and corporations, financial crimes and cooperative scandals abound in Karachi more than any other place in the country.

#### ***Major Achievements:***

6.4 During 2002 Sindh NAB accomplished the following:

- a. Five cases of Plea Bargain involving Rs.84.38 million(approx) and 36 cases of Voluntary Return involving Rs.45.28 million were finalized resulting in a total of Rs.129.66 million.
- b. Fifty cases of tax evasion were identified to the CBR, which involve an approximate amount of Rs.965 million of Government taxes and duties.
- c. Mega cases of successful conduct of investigations include Alliance Scam (amount involved Rs.4000 million approximately), Yasoob Project (amount involved Rs.1.765 billion), Pakistan State Oil (Fuel Oil Case) (amount involved US\$12.5 million), Employees Old Age Benefit Institution (misappropriated amount of Rs.1040 million) and Pakistan International Airlines Sabre case (amount involved US\$ 74.005 million and Rs.10.0 million).

6.5 Complaints, inquiries and investigations handled by NAB, Sindh are given in the following tables:



**Table – 12**  
**Complaints - 2002**

Complaints on Which Action Was Pending As On 31.12.2001	Complaints Received During 2002	Total	Complaints Processed In 2002	Pending Complaints as on 31.12.2002
349	2853	3202	2613	589

**Table – 13**  
**Inquiries - 2002**

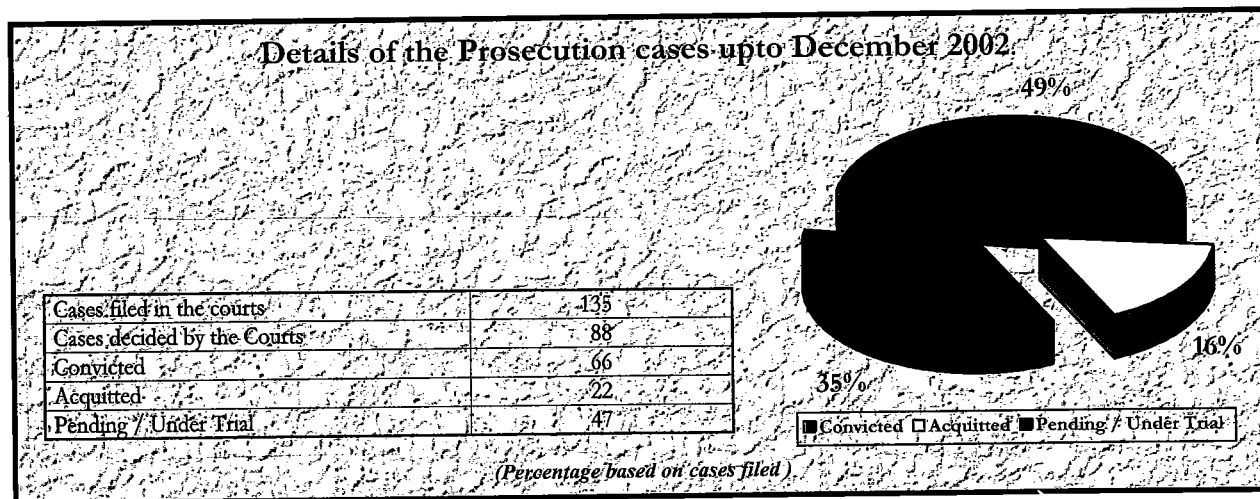
Previous Years Inquiries Pending as on 31.12.2001	Inquiries Authorized in 2002	Total Inquiries Authorized upto 31.12.2002	Inquiries Finalized During 2002	Balance Pending Inquiries
-	56	56	14	42

**Table – 14**  
**Investigations - 2002**

Previous Years Investigations Pending as on 31.12.2001	Investigations Authorized in 2002	Total Investigations Authorized upto 31.12.2002	Investigations Finalized During 2002	Balance Pending Investigations
151	27	178	27	151

6.6 During 1999-2002, performance on the prosecution side given below, indicates an overall high conviction rate(75%); which is a testimony to the high degree of professionalism in the investigative effort.

**Table – 15**



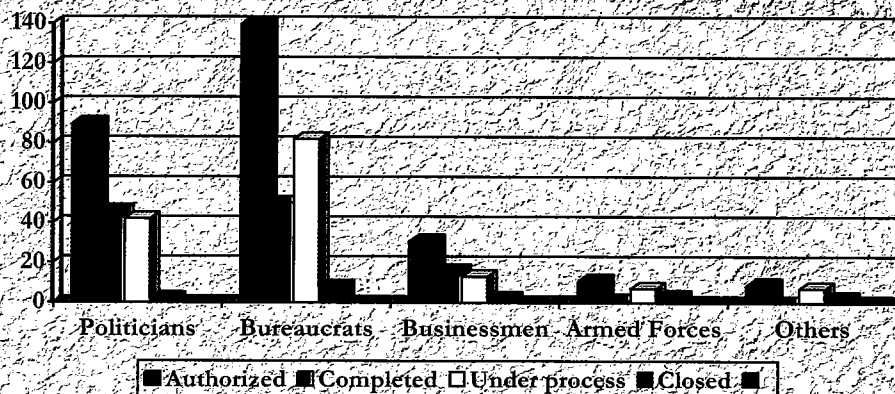
6.7 During 2002, 40 cases were decided by the Accountability courts. These comprised 25 convictions and 15 acquittals, yielding a conviction rate of 62.5%.

6.8 Quantum of inquiries and investigations which were completed during the year under review is reflective of not only the pace but also of the capacity, input and motivation with which the task is being carried out. Category-wise break-up of investigation cases is as follows:

Table – 16

## Category-wise Investigation Cases upto December 2002

Category	Authorized	Completed	Under Process	Closed
Politicians	90	46	42	02
Bureaucrats	140	50	82	08
Businessmen	31	16	13	02
Armed Forces	11	01	07	03
Others	09	0	07	02
<b>Total</b>	<b>281</b>	<b>113</b>	<b>151</b>	<b>17</b>



## NAB Punjab:

6.9 In the fight against corruption, as in the previous year, cooperative scam continued to occupy major portion of attention. To provide further relief to the depositors, NAB Punjab arrested top management of some of the cooperative finance corporations. Through NAB's efforts, waiver on the markup was facilitated on the outstanding amounts, which were advanced by the banks to some of the defunct cooperative finance corporations.

### Major Achievements:

6.10 During the period under review NAB Punjab accomplished the following:

- 20 cases of plea bargain and 5 cases of voluntary return were processed. The amounts involved were Rs.454.025 million and Rs.2.938 million respectively.
- Another achievement is collection made through settlement negotiations in 56 cooperative cases, yielding a huge sum of Rs.755.730 million.
- During 2002, Rs.583.5 million of looted money was disbursed to the depositors, as per following details:

Table – 17

S.No.	Date	No of Cheques	Amount Disbursed (Rs)
a.	16 February 02	1000	51,793,722.00
b.	18 February 02	695	54,686,439.00
c.	21 February 02	841	59,894,388.00
d.	20 April 02	1158	74,384,315.00
e.	24 June 2002	2658	221,355,186.00
f.	28 September 02	1270	81,260,000.00
g.	26 November 02	768	40,087,005.00
	<b>Total</b>	<b>8390</b>	<b>583,461,055.00</b>

6.11 During 2002, NAB Punjab handled sizeable number of complaints, Inquiries and Investigations. Data given below is indicative of the workload and degree of investigative expertise in handling complaints.

**Table – 18**  
**Complaints - 2002**

No. Of Complaints on Which Action Was Pending As On 31.12.2001	Complaints Received During 2002	Total	Complaints Processed In 2002	Pending Complaints as on 31.12.2002
2176	3490	5666	2520	3146

**Table – 19**  
**Inquiries - 2002**

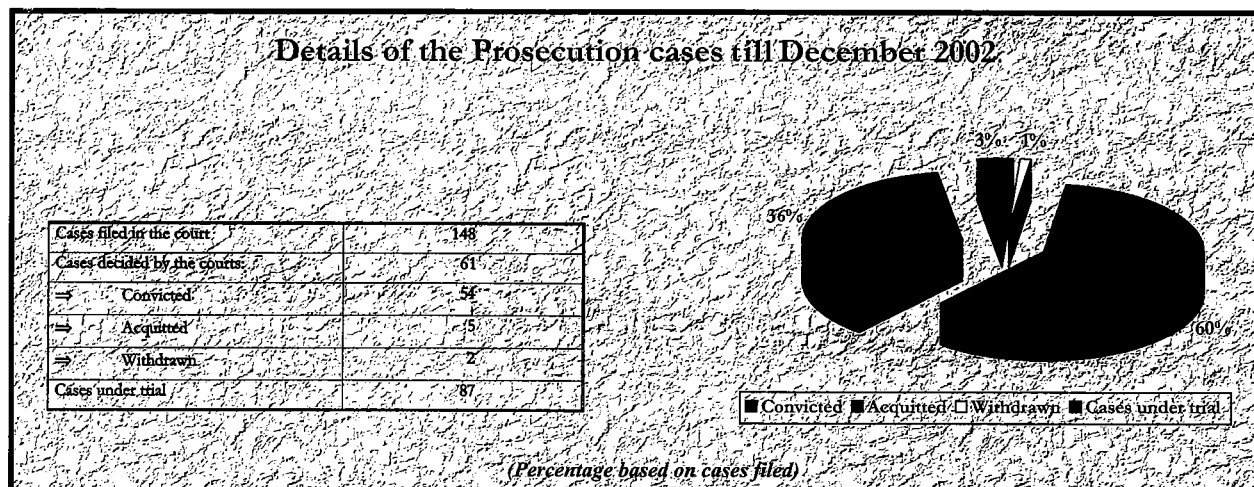
Previous Years Inquiries Pending as on 31.12.2001	Inquiries Authorized in 2002	Total Inquiries Authorized upto 31.12.2002	Inquiries Finalized During 2002	Balance Pending Inquiries
41	31	72	12	60

**Table – 20**  
**Investigations - 2002**

Previous Years Investigations Pending as on 31.12.2001	Investigations Authorized in 2002	Total Investigations Authorized upto 31.12.2002	Investigations Finalized During 2002	Balance Pending Investigations
358	38	396	132	264

6.12 Progress regarding prosecution cases till December 2002 is tabulated below. The conviction rate (88.5%) for the period 1999-2002, is indicative of dedication and professionalism developed by the NAB Punjab in the short period of its existence.

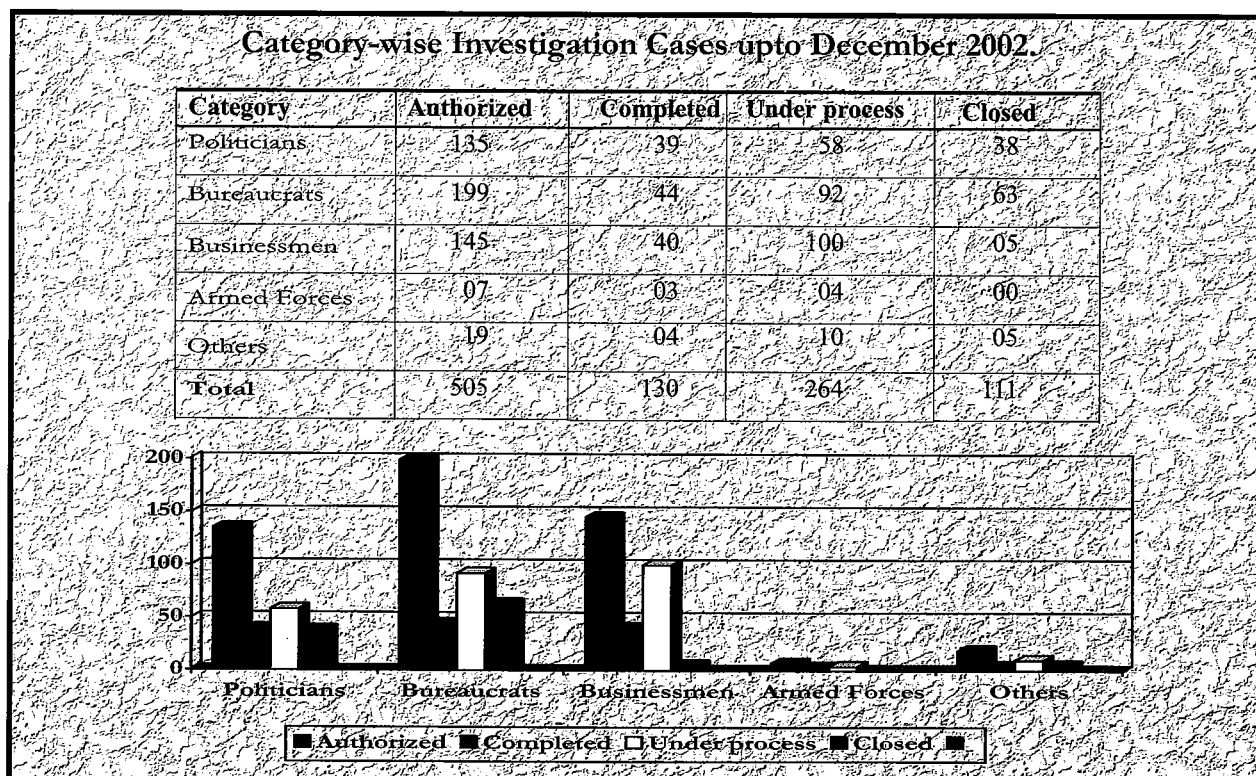
Table – 21



6.13 54 cases have been filed in the courts during the year 2002, out of which 10 cases have been decided and convictions have been ordered in each of these 10 cases resulting in 100% conviction rate.

6.14 Breakup of the investigations in hand and the cases finalized till December 2002 given below shows that the anti corruption efforts spread over all the segments of the society:-

Table – 22



## **NAB NWFP:**

6.15 NWFP offers different types of operational challenges because of its peculiar cultural and social mix. Therefore, the operational strategy has to take into account some features unique to the region, (including the time honoured customs of tribal areas and writ of local leaders etc.) Through a more focused and professional approach by building up three dedicated central investigation teams, NAB (NWFP) has squarely faced this challenge.

### ***Major Achievements:***

6.16 The following recapitulate the major achievements of NAB NWFP:

- (a) In the year 2002, NAB NWFP handled 12 cases of plea bargains and 2 cases of voluntary returns, involving amounts of Rs.64.532 million and Rs.5.2 million respectively.
- (b) NAB NWFP has specially focused its operations through intrusive investigations in complex cases of assets disproportionate to the known sources of income in the year.
- (c) The Bureau successfully operated across the tribal and ethnic ties.

6.17 Position of complaints, inquiries and investigations processed during 2002 is given in the following tables:-

**Table – 23**  
**Complaints - 2002**

<b>Complaints on which action was pending on 31.12.2001</b>	<b>Complaints received during 2002</b>	<b>Total</b>	<b>Complaints Processed in 2002</b>	<b>Pending Complaints as on 31.12.2002</b>
5295	1744	7039	1744	5295

**Table – 24**  
**Inquiries - 2002**

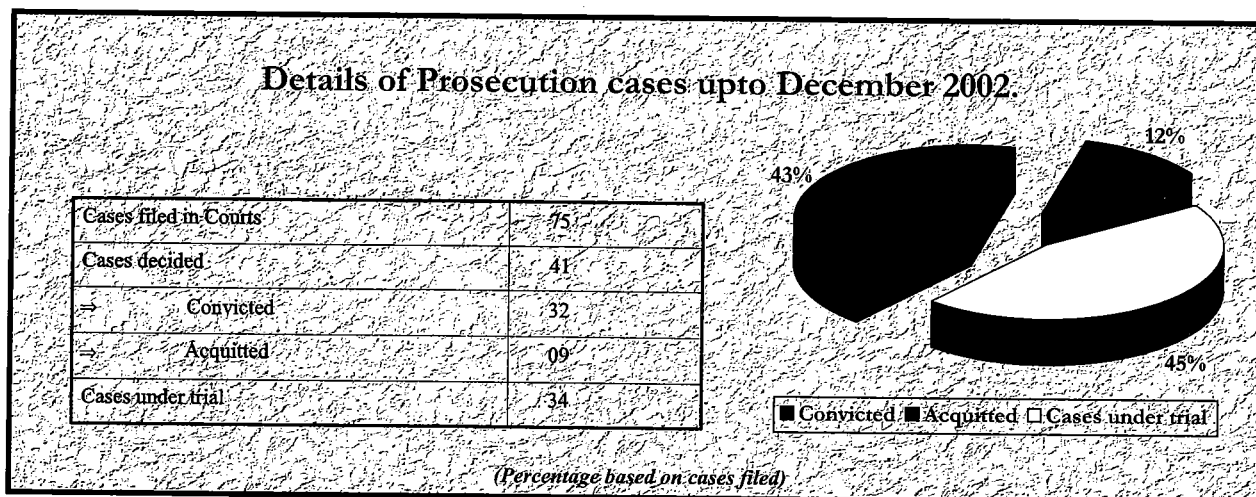
<b>Previous Years Inquiries Pending as on 31.12.2001</b>	<b>Inquiries Authorized in 2002</b>	<b>Total Inquiries Authorized upto 31.12.2002</b>	<b>Inquiries Finalized During 2002</b>	<b>Balance Pending Inquiries</b>
18	42	60	32	28

**Table – 25**  
**Investigations - 2002**

<b>Previous Years Investigations Pending as on 31.12.2001</b>	<b>Investigations Authorized in 2002</b>	<b>Total Investigations Authorized upto 31.12.2002</b>	<b>Investigations Finalized During 2002</b>	<b>Balance Pending Investigations</b>
29	25	54	28	26

6.18 The following prosecution data for the period 1999-2002, reflects a high rate of conviction(78%), which reflects the level of professional expertise available with NAB (NWFP):-

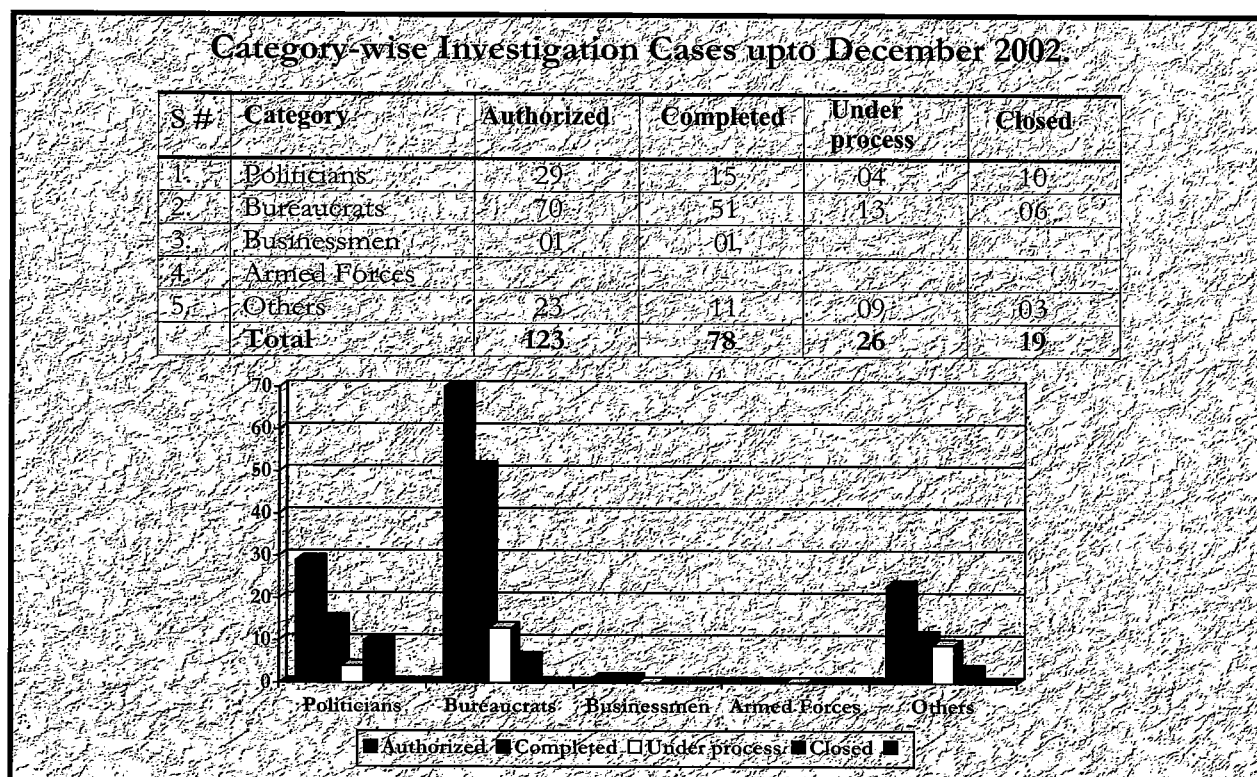
Table – 26



6.19 During 2002, out of 14 cases filed by the Bureau in the courts, 12 cases were decided. 11 convictions and 1 acquittal were ordered. However, subsequently 2 more acquittals were ordered by the High Court. Result has been a 75% rate of conviction.

6.20 Category-wise breakup of investigation cases is given in the table below. This shows that the pattern is in line with the broader national picture:-

Table – 27



## NAB Balochistan

6.21 Culturally based on tribalism, topped with poor governance, Balochistan continued to offer a challenging situation to NAB Balochistan in its fight against corruption and corrupt practices. The job was handled with matching vigor and professionalism.

### *Major Achievements:*

6.22 During the year 2002, NAB Balochistan had the following major achievements to its credit:-

- (a) Finalized 10 cases of plea bargain involving Rs.63.233 million.
- (b) NAB Balochistan mainly focused on corruption in the Public Sector and successfully brought the Public Office Holders to book as reflected by a very high rate of conviction (85 convictions out of 89 cases decided).
- (c) Massive corruption relating to provision of illegal and fictitious telephone connections by Pakistan Telecommunication Company Limited (PTCL) was detected and investigated unrelentingly, despite street protests against NAB by the trade unions. Financial misappropriations also came to light during investigations. Auditor General has been requested to conduct special audit.
- (d) The coverage of NAB Balochistan operations extended to even small towns and rural areas, such as Panjgoor, Gaddani, Sibi, Kharan and Hub. This is reflective of a very comprehensive strategy to rid the province of the corruption.

6.23 The work load and disposal in respect of complaints, inquiries and investigations for the year is given below:

**Table – 28**  
**Complaints - 2002**

Complaints On Which Action Was Pending as on 31.12.2001	Complaints Received During 2002	Total	Complaints Processed in 2002	Pending Complaints as on 31.12.2002
299	512	811	512	299

**Table – 29**  
**Inquiries - 2002**

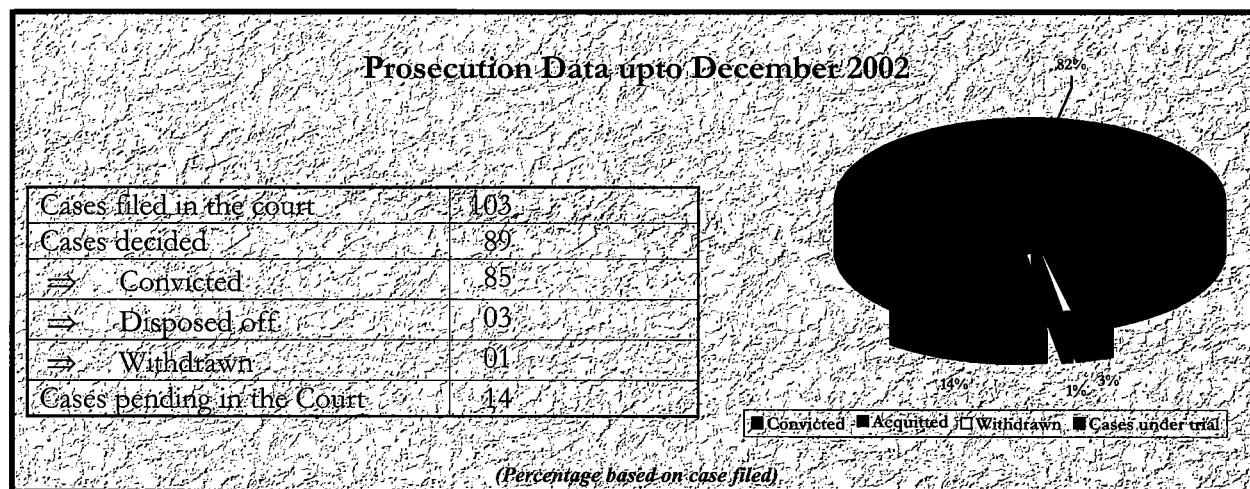
Previous Years Inquiries Pending as on 31.12.2001	Inquiries Authorized in 2002	Total Inquiries Authorized upto 31.12.2002	Inquiries Finalized During 2002	Balance Pending Inquiries
-	38	38	08	30

**Table – 30**  
**Investigations - 2002**

Previous Years Investigations Pending as on 31.12.2001	Investigations Authorized in 2002	Total Investigations Authorized upto 31.12.2002	Investigations Finalized During 2002	Balance Pending Investigations
71	15	86	37	49

6.24 NAB Balochistan has the unique distinction of achieving a conviction rate of 95% during 1999-2002, as is borne out by the following prosecution data:-

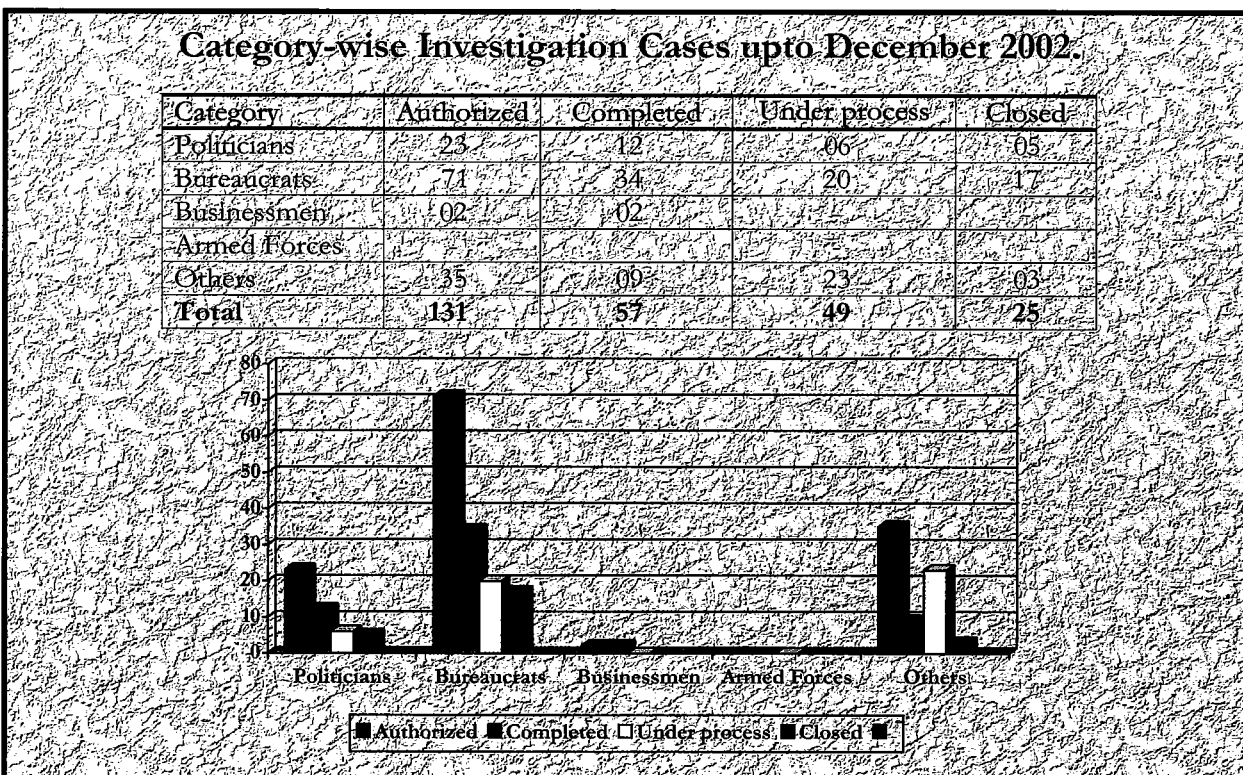
Table – 31



6.25 In 2002, 31 cases pertaining to the Bureau were filed in the court. In 20 cases decided by the courts in 2002, 18 conviction and 2 acquittals were ordered, conviction rate being 90%.

6.26 The investigative process ensured that all segments of the society are kept under a vigilant eye. This is borne out by the following investigation data:-

Table – 32





## NAB Rawalpindi

6.27 NAB Rawalpindi continued its fight against corruption, dealing with high profile and mega corruption cases involving politicians, bureaucrats and officers from the Armed Forces.

### *Major Achievements:*

6.28 NAB Rawalpindi, has to its credit, some very unique achievements, since some important national institutions, government officers, senior bureaucrats and politicians happen to be in its area of operations. Major achievements of NAB Rawalpindi are as under:

- (a) 7 cases of plea bargain involving an amount of Rs.13.23 million and US\$ 7.5 million as well as voluntary return cases amounting to Rs.48.57 million were finalized.
- (b) Most of the cases belong to Capital Development Authority, followed by Health Department, PTCL, CBR, agriculture sector and Overseas Pakistanis Foundations. The following table gives a category wise picture of institutional corruption.
- (c) The bureau handled some very high profile cases which made headlines in the national and international press (e.g. the cases of former Chief of Naval Staff, the spouse of a former Prime Minister).

**Table – 33**  
**Categories on the basis of institutions**

S #	Departments	Under Investigation	Under Trial	Decided	Total
1.	Capital Development Authority	10	02	02	14
2.	Health Department	02	02	-	04
3.	Pakistan Telecommunication Company Limited	02	01	01	04
4.	Central Board of Revenue	02	-	01	03
5.	IT	-	-	01	01
6.	Agriculture	02	01	02	05
7.	Police	-	-	03	03
8.	Water and Power Development Authority	-	01	01	02
9.	Overseas Pakistanis Foundation	02	-	-	02
10.	Pakistan Works Department	01	01	-	02
11.	Federal Investigation Agency	01	-	-	01

6.29 The following tables give an overview of the complaints, inquiries, investigation and prosecutions handled by NAB Rawalpindi:-

**Table – 34**  
**Complaints - 2002**

No. Of Complaints on which action was pending as on 31.12.2001	Complaints Received During 2002	Total	Complaints Processed in 2002	Pending Complaints as on 31.12.2002
3398	573	3971	386	3585

**Table – 35**  
**Inquiries - 2002**

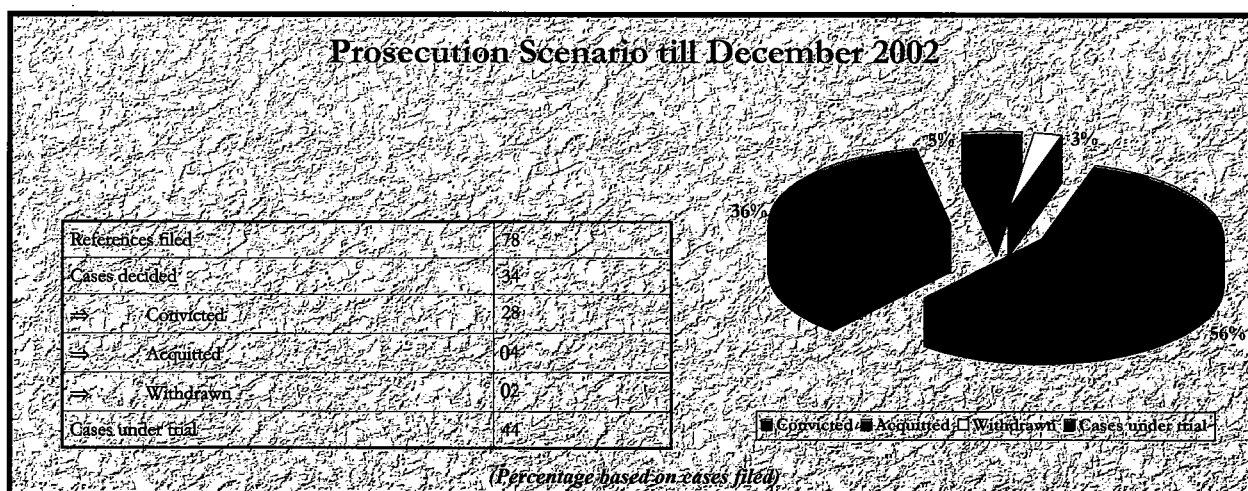
Previous Years Inquiries Pending as on 31.12.2001	Inquiries Authorized in 2002	Total Inquiries Authorized upto 31.12.2002	Inquiries Finalized During 2002	Balance Pending Inquiries
79	34	113	16	97

**Table – 36**  
**Investigations - 2002**

Previous Years Investigations Pending as on 31.12.2001	Investigations Authorized in 2002	Total Investigations Authorized upto 31.12.2002	Investigations Finalized During 2002	Balance Pending Investigations
71	24	95	45	50

6.30 The bureau achieved a conviction rate of 82% during 1999-2002, which is indicative of the quality of investigation and prosecution efforts. The following table elucidates the point:-

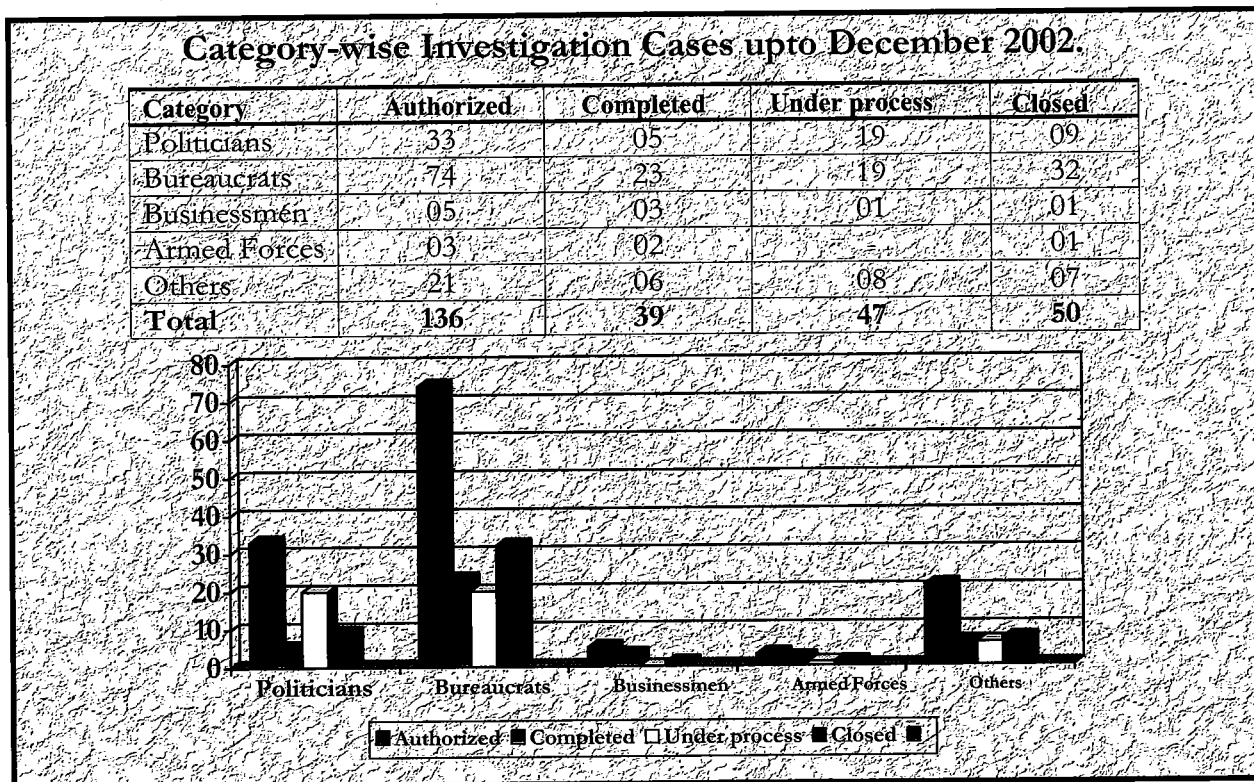
**Table – 37**



6.31 16 cases were filed in the courts during 2002. Convictions in 11 cases and acquittals in 2 cases were decided by the courts. Thus conviction rate has been 85%.

6.32 Investigations categorized on the basis of profession etc. indicate an even handed approach. The table below gives the breakdown:-

Table – 38



## Chapter 7

# The Future Vision

Corruption is caused by a number of factors. These include cultural norms and pressures where social codes overtake the legal ones. Poor pay, economic regulation, non-transparent government, complicated rules and procedures, failure of accountability mechanisms, demonstration effect, weak civil society and poverty; all facilitate corruption. In short, endemic corruption is the result of a poor governance system, symptomatic of mismanagement. Unless the causes that lead to corruption are eradicated, simply prosecuting and imprisoning individuals will not help. Successful international models take a more holistic view and therefore, prevention is given tremendous importance. Anti-corruption in the modern sense is about more than accountability, it concerns areas like transparency, awareness, access to information, better internal controls, increase in remuneration and many others. With this in mind NAB launched its National Anti-corruption Strategy that reviewed the problem as more than simply work of evil men and women. A Country-wide consultation led to the development of the Strategy that has transformed the approach to combating corruption in Pakistan. National Accountability Bureau has undergone the transition from being simply an accountability organization into an anti-corruption agency equipped with the tools of prevention and awareness, in addition to its powers to investigate and prosecute cases of corruption. A by-product of the recommendation has been the creation of a single anti-corruption agency at the federal level to avoid duplication and make anti-corruption operations autonomous and specialized.

### National Anti Corruption Strategy

7.2 When corruption becomes endemic, the singular enforcement approach fails to make an effective and sustainable impact. Countries that have successfully managed to counter the problem, have used a three pronged approach of “enforcement”, “prevention” and “education/awareness”. National Accountability Bureau is the first anti-corruption agency in the Country to have recognized the futility of fighting corruption through accountability only. As a result of intensive surveys conducted across all sections in the country as well as protracted studies, NAB took initiatives to transform itself from being simply an accountability body to a truly anti-corruption agency, armed with the tools of “prevention”, “awareness” alongwith an “enforcement” mandate. This initiative resulted in the formulation of National Anti Corruption Strategy.

7.3 National Anti-corruption Strategy Project was launched on February 11, 2002 with the assistance of Government of Pakistan and the Department For International Development (DFID) of the United Kingdom, who financed the consultants M/s KPMG Consulting for the project. The strategy was formulated by a team of young officers, who worked in close collaboration with the KPMG consultants. These officers were drawn from Accounts, Income Tax, Police and the Office Management Groups of the Federal Government. The general direction was provided by the Steering Committee consisting of key stakeholders from the public and the private sectors as well as civil society. Federal Secretaries of Finance, Interior,

Information, Law, Justice and Human Rights, Revenue Division and representatives of the office of Auditor General, Federal Ombudsman and Chairman Securities and Exchange Commission, represented the public sector. Vice President Federation of Pakistan Chambers of Commerce and Industries sat on the Committee from the private sector, while one member each was nominated by the provinces from the civil society.

7.4 The Project was divided into two main phases: Diagnostic and Strategy Development. An Implementation Action Plan was developed from the Strategy. The Federal Cabinet approved the strategy in principle on 5<sup>th</sup> October 2002. A committee has been formed to guide the implementation process.

## **Methodology**

7.5 Both Diagnosis and Strategy Development were undertaken through a consultative methodology. The Project team met over three thousand stakeholders officially and even larger number informally. The stakeholders varied from ministers to the slum dwellers, women groups, public servants at different levels, clerks, traders, businessmen, NGOs and many others. The process involved interviews, focused group discussions and workshops. In all, eight workshops were held. These included four in the provincial capitals, one each in the districts of Mardan, Kohat and Hyderabad and one in Islamabad. The President of Pakistan inaugurated the last workshop.

7.6 The NACS team have endeavoured to bring out the Strategy, its *raison d'être* and a very comprehensive time- specific implementation schedule for the Country during the year under report. These recommendations, which are in the initial phase of implementation, have been thoroughly deliberated at various official and non-official fora before final acceptance.

## **Strategy Objectives**

7.7 The short run objective of the strategy is to set in motion, systemic improvements that will strengthen the national integrity systems. Long run objective is to eliminate corruption by engaging all stakeholders through a programme, which is holistic, inclusive, participative and progressive.

## **The Diagnosis**

7.8 Corruption in the Country is endemic and it is about time that it is effectively checked through a well thought out and unconventional approach. NAB's interaction with all the stakeholders indicated a strong desire by all to institute a mechanism immediately for addressing this gigantic problem. In fact there is a strong desire in all sections of the society to get rid of the corrupt elements.

7.9 Most stakeholders identified similar problems i.e. an oversized, intrusive and opaque government, poor pay structures, weak civil society and absence of political will to combat the menace. Overall consensus was that, both need-based and greed-induced, corruption exists in the Country. In addition, to these general findings, specific issues in each pillar of the National Integrity System<sup>5</sup> were identified. The areas studied were:

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<sup>5</sup> The concept, first introduced by Transparency International, is widely used in developing Anti-corruption strategies.

- i. Legislature and political system
- ii. Executive
- iii. Judiciary
- iv. Public Accountability Bodies
- v. Anti-corruption Framework
- vi. Media and Civil Society
- vii. Private Sector

7.10 The strategy primarily concentrated on the public sector but some basic issues in the private sector were also identified. Two main problems were lack of documentation and absence of consumer protection.

## **The Recommendations:**

7.11 After the swearing in of the political government, the NACS recommendations were presented to the Prime Minister, who was pleased to endorse them. The NACS has, therefore, been successful in getting blessings and will of the political government also to implement recommendations.

7.12 Major features of the recommendations which form the future vision of anti-corruption in Pakistan are as under:-

**(i) Political will**

No governance reform, more so an anti-corruption agenda, can be implemented without political will. The support from the top political leadership is vital.

**(ii) Public service remunerations**

Unless adequate living wages are paid, the best of reforms will have a temporary, reversible impact. It is a necessity, though not a sufficient condition to effectively reduce corruption.

**(iii) Role of Managers**

Another important theme taken up by the Strategy is the role of senior managers, who have to take responsibility for the problems in their organizations.

**(iv) Internal Accountability Mechanisms**

Poor or non-existent, these provide the weakest link in the accountability chain in the Country. It has put pressure on organizations like NAB. These need to be created and strengthened.

**(v) Access to information and transparency**

Corruption is bred in obscurity. The government must not only conduct its work transparently but also seen to be doing so.

**(vi) Integrity Pacts**

Procurement is one of the major area of leakages and corruption in the public sector. An important tool discovered by Transparency International to counter corruption in procurement and contracting is an integrity pact<sup>6</sup>.

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<sup>6</sup> Both the parties, the awarder and the contractor, agree to keep the business clean by promising neither to bribe nor to accept one. Normally a third party becomes the observer and guarantor.

**(vii) Participatory Governance**

There is a need to develop the concept and tradition of participatory governance, where people who are affected by a specific decision are consulted and brought on board.

**(viii) Deregulation**

Deregulation would reduce government's involvement beyond the essential. NACS recommends specific attention to micro level regulations that are highly intrusive.

**(ix) Training**

Civil service over the years has not developed its training systems in accordance with requirements of modern governance. While some training is provided to the officers, especially the cadres that come through the Central Superior Services or CSS examination, the remaining are neglected.

**(x) Accountability**

Accountability is not just about anti-corruption organizations, each institution has its own accountability mechanism and there are other agencies responsible for accountability. Unless all of these are strengthened, accountability in the real terms will not take place

## **Implementation**

7.13 Implementation is the most difficult and elusive part of any reform project. Normally there are three factors that adversely impact implementation: inadequate capacity, poor ownership by the stakeholders and absence of political will. NACS is cognizant of these issues. In order to ensure implementation of NACS recommendations, time-related targets have been worked out and a road map indicated for ensuring unhindered implementation process. For this purpose the recommendations are divided into immediate "quick wins", "short term" and "long term". Poor capacity issues have also been recognized and addressed, wherever relevant.

7.14 Ownership of stakeholders is something that NACS has sought right from the outset by adopting a consultative methodology. At the implementation stage, it has become equally critical to involve the stakeholder as the actual implementation has to be done by the stakeholders themselves. Therefore, an Implementation Committee consisting of key stakeholders has been created. These include members from the Federal and Provincial bureaucracies, business community, public accountability bodies, media, academia, civil society and NGOs. NAB will act as secretariat to the Committee while the implementation, as already stated, will be undertaken by respective stakeholders themselves. The Committee will deliberate on the implementation procedures and finally give the go ahead after which the respective stakeholders will implement the same. The estimated time frame for implementation of all the recommendations is at least five years.

## **NAB – The Apex Anti-Corruption Agency**

7.15 As a result of recommendations of NACS the Bureau is now also responsible for prevention of corruption through "awareness" and other tools. It has also become the sole anti-corruption agency at the federal level as the anti-corruption work is taken off FIA's mandate.

Both these changes have necessitated taking a look at the restructuring requirements of the Bureau.

### **Why the Transformation?**

7.16 The term anti-corruption has undergone a change of meaning. Every action that reduces corruption is called an anti-corruption measure. Sometimes these include simple managerial or procedural changes meant to improve service delivery. Reduction in corruption is implicit in all governance reforms as all organizations that improve their systems for better service delivery, play a role in reduction of corruption. In this way, they assist the anti-corruption agencies in their job of eradication of corruption.

7.17 Since assuming the primary responsibility of the apex anti-corruption agency NAB undertakes research on causes of corruption and how best to eliminate them. Its role is advisory. It is, however, important to recognize that the new role will not dilute NAB's role in accountability. The change is only adding an important dimension to NAB's outlook and would not encroach on the current operations and the drive against corrupt persons and looters of national wealth.

### **Transfer of some FIA Functions**

7.18 The decision to take over anti-corruption<sup>7</sup> and economic crimes functions from FIA's mandate was based on management principles described by International Best Practices. According to the latter, there should be a single anti-corruption agency in a given jurisdiction and it must be autonomous and specialized. Since the work of FIA and NAB overlapped, there was a requirement to take out at least one of them. FIA is looking after areas other than corruption also and is an attached department of the Interior Division, which impedes its operational, administrative as well as financial autonomy. It cannot prosecute a person without permission from the controlling ministry. NAB, having been developed as a specialist and autonomous anti-corruption agency, is eminently suited to be the apex anti-corruption agency of the Country.

7.19 Credibility is also a critical issue in combating corruption. FIA unfortunately has lost it over the years. To date the Agency has failed to successfully prosecute a single officer above BS-19.

### **Impact and its Management**

7.20 Impact on NAB has to be gauged on two counts: mandate and workload. There will be no change in NAB's mandate. No change is required in its operational law to take on the cases being transferred from FIA. There never was any legal bar on NAB to take on petty cases. It had restricted itself to larger cases deliberately on the basis of policy of 'big fish first'.

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<sup>7</sup> The two wings that will become redundant are the Anti-corruption Operations and Economic Crime Wing. The latter looks after anti-corruption in the banking sector and is not doing anything peculiarly different. Corporate crime circles looking after corruption in public sector corporations will also be done away with.



7.21 However the workload will definitely increase. In the absence of any agency at the federal level to whom it can transfer the petty level cases it will have to deal with them itself. Initially the workload will be even greater as the pending cases will be transferred from FIA and the manpower and ancillary requirements will have to be identified. NAB has already begun a restructuring exercise keeping in view the new workload while also addressing the existing issues. The Bureau will also have to develop a mechanism to deal with FIA cases in the Courts and a methodology to deal with petty corruption.

# Epilogue

It is a testimony to NAB's achievements that expectations from the Bureau are very high. As it moves away from the comfort zone it enjoyed in the previous regime towards a democratic system, it is bound to come under more pressure and heat. The task of maintaining and improving credibility will be harder but not impossible. The Bureau is attempting to win the support of the legislatures towards its cause. Already the Prime Minister has expressed support to the process. It is hoped that once the National Anti-corruption Strategy is presented to the Federal and Provincial cabinets their support will also be received.

Political will is critical to success of all governance reforms, specially anti-corruption. Vast majority of the people in the country want to rid society of corruption. As the leadership recognizes this, it is hoped that long term benefit of the country will not be sacrificed at the altar of expediency.

National Accountability Bureau has completed three years of its operations. It can proudly boast of some important successes. Its own professionalism notwithstanding, the primary cause of the success was backing of the government. More of the same would now be required. Its experience has helped it learn some lessons. As an organization, NAB is striving to improve itself daily. Recruitment of its own investigating officers, development of a National Anti-corruption Strategy, restructuring exercise and amendments in the Ordinance are all aimed at improvements in the organization. Professionalism is the ultimate goal of the Bureau and no compromise has been allowed in this regard. It is the first anti-corruption agency in the country to arrest its own officers and prosecute them when charged with corruption. It is a lesson that needs to be emulated.

There has been a radical change in the approach to combating corruption in the country. A preventive regime is being introduced for the first time due to a realization that without effective coalition building, the menace cannot be addressed. An important task being undertaken by the Bureau in this regard is awareness raising. A strong and vocal civil society is a sine qua non for accountability. Where people tend to hear, see and yet say nothing, tyranny prevails. NAB's success has been largely dependent on what was given to it by the people. However, more needs to be done. In the final analysis only a vocal and informed public can ensure that not only its rights are safeguarded but also the usurpers are taken to task.

Good governance is what makes difference between development and underdevelopment, key words of the paradigm being, accountability, transparency and participatory governance. All of these contribute to reduction in corruption. Therefore, anti-corruption in both its preventive and enforcement manifestations, is cornerstone of a governance reform model. In Pakistan, NAB is trying to undertake this arduous task. It will take time, perseverance and consistency, but it is the only path the country must take for a better tomorrow.

**Major investigations carried out by FCIW during the year 2002**

<b>S.#</b>	<b>Case Category</b>	<b>Amount Involved</b>	<b>Status / Recovery</b>
1	Employees Old-Age Benefit Institution (Public Sector Organization)	Rs 1,618.000 Million	Reference has been Filed in the Accountability Court and is in progress
2.	Asif Ali Zardari (Politician)	Properties & Bank Accounts in U.K and Switzerland worth million of dollars	Reference has been Filed in the Accountability Court and is in progress.
3	Ex-Emirates Bank (Financial Institution)	Rs 288.000 Million	Reference has been Filed in the Accountability Court and is in progress
4.	Workers Welfare Fund (Public Sector Organization)	Rs 85.103 Million	Rs 76.143 M have been secured through plea-bargain/voluntary return. Regarding left-over amount, a reference is in the process of filing in the Accountability Court.
5.	Prudential Investment Bank (Financial Institution)	Rs 144.000 Million	Investigation has been completed and the Reference is in the process of filing
6.	Ex-Prudential Commercial Bank (Financial Institution)	Rs 300.000 Million	Investigation has been completed and the Reference is in the process of filing
7.	Ex-Prudential Commercial Bank (Financial Institution)	Rs 37.000 Million	Investigation has been completed and the Reference is in the process of filing

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**Cases in hand at the end of year 2002**

<b>Sr</b>	<b>Case Category</b>	<b>Amount Involved</b>	<b>Status</b>
1.	Asif Ali Zardari & Associates M,(Politician)	Todate Investigations reveal that an amount of U.S. \$ 60.000 million is held in various Bank Accounts in Switzerland	Reference under Compilation
2.	Ex-Prudential Commercial Bank (Financial Institution)	Rs 1,000.000 million	Under Investigation
3.	TAAS Securities & RAVI Securities (Brokerage House)	Rs 100.000 million	Inquiry under process
4.	EX-Small Business Finance Corporation (Development Financial Institution)	Rs 90.000 million	Inquiry under process
5.	Commercial Union Life Assurance	Rs 90.000 million	Inquiry under process
6.	Chiltan Ghee Vs Privatization Commission (Privatization of Industrial Unit)	Rs 15.000 million	Inquiry completed. Matter to be taken up with Chairman Privatization Commission
7.	WARSM LLC (Bank Loan Fraud Case)	Rs 290.000 million	Under Probe

**NAB Sindh****List of High Profile Convictions – 2002**

<b>S.No.</b>	<b>Name</b>	<b>Designation</b>	<b>Details</b>
1.	Zakaria Ghani & Others	Businessman	8 years RI and fine of Rs.209.044 million.
2.	Zakaria Ghani & Others	Businessman	8 years RI and fine of Rs.41.33 million.
3.	Zakaria Ghani & Others	Businessman	8 years RI and fine of Rs.67.36 million
4.	Rauf B. Qadri	ex-Chairman Bankers Equity Limited	7 years RI and fine of Rs.15.225 million.
5.	Hassamuddin & Other	General Manager Marketing Pakistan Steel Mills	12 years RI and fine of Rs.115.00 million.
6.	Allah Dino Dahri & Others	Executive Engr C & W Department	7years RI and fine of Rs.60.00 million.
7.	Waryam Faqir	ex MPA	7 years RI and fine of Rs.2.00 million.
8.	Hakim Ali Zardari	ex MNA	5 years RI and fine of Rs.18.5 million.
9.	Ismail Rahu & Others	ex-Minister Excise & Taxation	7 years RI and fine of Rs.20 million.
10.	Iqbal Ahmed Turabi & Others	Manager Finance PSO	10 years RI and fine of Rs.98.0 million to co-accused.
11.	Dr.Tanveer Alam & Others	Asst Drug Controller	5 years RI and fine of Rs.7 million.
12.	Abdul Aziz Memon	ex- MNA	7 years RI and fine of Rs.1.0 million.
13.	Mansoor Ahmed & Others	Supdt. Preventive Services Custom	7 years RI and fine of Rs.2.0 million.
14.	Syed Riaz-ul-Hassan Rizvi & Others	ex-MD TCCL	14 years RI and fine of Rs.20598,912.50.
15.	Bashir Ahmed Mahesar	Businessman	7 years RI and fine of Rs.3,00,160.
16.	M. Malook Mahesar	Businessman	7 years RI and fine of Rs.3,60,192.

### Details of Plea Bargains – 2002

S.No.	Name	Designation	Amount Agreed (In Rupees)
1.	Mr. Irfanuddin	Proprietor M/s Faran Mart	24,664,358/-
2.	Mr. Yasin Siddique	Proprietor M/s Y.S.(Pvt.) Ltd.	20,867,900/-
3.	Mr. Qamaruddin	Proprietor M/s Ironex	15,410,001/-
4.	Mr. Sham Lal & Mr. Sadiq Ali	Contractor	20,100,000/-
5.	Ziauddin Timori	Advocate	3,340,000/-
		<b>Total:</b>	<b>84,382,259/-</b>

### Voluntary Return Cases – 2002

No of cases	Total Amount (Rs)
36	4,52,77,949/-

**NAB Punjab**  
**List of High Profile Convictions – 2002**

S. No.	Name	Designation	Details
1.	Muhammad Rashid Mian	ex-MPA	Evidence u/s 512 CrPC has been recorded. The accused has been convicted u/s 31-A of NAO and his perpetual warrants of arrest have been issued. The reference has been consigned to record room.
2.	Asif Saigal	Businessman	14 years RI, fine Rs.60 million
3.	Ghulam Sarwar Khan Lalwani	ex-DIG Police	5 years RI, fine Rs.5 lacs and confiscation of 3 plots measuring 1 Kanal each.
4.	Farrukh Javed Ghumman	ex-Chairman Zila Council Sargodha, ex-MPA	3 year RI, fine Rs.100000/- and confiscation of 1134 Kanal and 4 Marlas piece of land
5.	Tanveer Hussain Rana	ex-MNA	5 years RI, fine Rs.6900000/- disqualified for 10 years for holding any public office or to context elections.
6.	Azhar Atta Malik Dr.	ex-President Pakistan Medical Coop Housing Society	10 years RI, fine Rs.90 million for one account and 10 years RI, fine Rs.90 million for other account.

**Details of Plea Bargains –2002**

S.No.	Name	Designation	Amount( Rupees)
1.	Ch.Tajamal Hussain	Politician	174,700,000
2.	Ch.Nayyar Hussain	Businessman	25,300,000
3.	Awais Zia Butt	Businessman	4,700,000
4.	Dr.Hafeez Abbassi	Businessman	30,000,000,
5.	Ghulam Nabi (Land Mark)	Businessman	1,760,000
6.	Dr.Asif Ali(Court Ordered To Pay 5.6m)	Businessman	5,600,000
7.	Tariq Saeed	Businessman	5,000,000
8.	Adil Javed Mansoor	Businessman	40,000,000

*Continued*

9.	M/s High Noon	Businessman	65,026,328
10.	Tanveer Qureshi	Businessman	1,550,000
11.	Awais Zia Butt	Businessman	2,800,000
12.	Shah Nawaz Ranjha	Ex-MPA	3,938,751
13.	Umar Haq	Railways	25,000,000
14.	Abdul Naeem Khan	Ex- DG ML&C	12,480,000
15.	Ch.Abdul Majid Javed	Businessman	8,546,570
16.	Ch.M.Sidique	Businessman	7,571,797
17.	Sardar M.Arif Nakai	CM Punjab	1,500,000
18.	Feroz Ahmed Khan	Sptd Customs	20,125,000
19.	Waseem Yasin Durrani	XEN PHED	1,609,700
20.	Zafar Iqbal Aujla	Ex SE WAPDA	16,816,849
	Total		454,024,995

### Voluntary Return Cases – 2002

No. of cases	Total Amount(Rs)
5	2,938,500

### List of Settled Cooperative Scam Cases – 2002

S.No.	Name	Designation	Amount(Rupees)
1.	Inam & Co.	Businessman	783,672
2.	Aziz Ul Haq Qureshi	Businessman	41,500,000
3.	Khalil ur Rehman	Businessman	7,400,000
4.	Raziq & Co, Faisalabad	Businessman	8,200,000
5.	Raja Nasir Mehmood, Sohawa	Businessman	720,000
6.	Ch. Fazal Hussain	Businessman	116,346
7.	Siraj ul Haque Qureshi M/s Land Mark	Businessman	880,000
8.	M. Jameel M. Saleem Waqar (Land Mark)	Businessman	1,020,000
9.	Arian Brothers	Businessman	245,000
10.	Ch. M Ishaq	Businessman	310,000
11.	M. Kaleem	Businessman	197,880
12.	Imran Corporation	Businessman	280,871

*Continued*



13.	Ch. Pervaiz Hussain	Businessman	300,000
14.	Javaid Ali Khan and others (Aventi Ltd Noor Hayat Noon)	Businessman	47,190,000
15.	Muhammad Ramzan	Businessman	478,650
16.	Mirza Nasim Akhtar	Businessman	100,000
17.	Ghulam Dastigar Lak	Politician	6,030,515
18.	M. Iqbal Survyia	Businessman	160,000
19.	Naseer Ahmad	Businessman	320,000
20.	Sh. M. Amir	Businessman	250,000
21.	Abdul Hameed Meer	Businessman	120,000
22.	Arshad Mehmood	Businessman	1,000,000
23.	Malik Hotel	Businessman	200,000
24.	Maj (R) Barkat Ali	Ex-Army	10,000,000
25.	Usman Abbasi	Businessman	8,000,000
26.	Ch. Muhammad Hayat	Businessman	362,000
27.	Izhar Ahmad Rana	Businessman	321,770
28.	Iftikhar Ahmad	Businessman	431,000
29.	National Sugar Mill	Businessman	48,474,456
30.	Mian M Yasin	Businessman	190,000
31.	Riasat Ali Gondal	Businessman	114,717
32.	M/S Tee Jay Corporation	Businessman	5,700,000
33.	Shan-e-Mustafa	Businessman	1,136,800
34.	Dr. Hafeez Abbasi- Bara Koh fraud case	Businessman	50,000,000
35.	Shaikh & Shaikh	Businessman	10,930,340
36.	Rai Aziz Ahmad Khan	Businessman	286,123
37.	Sh. Asad	Businessman	580,000
38.	Rehman Aman Dairy	Businessman	570,000
39.	Fazal Abbas Gardaizi	Businessman	203,000
40.	Haji & Co.	Businessman	309,000
41.	Zafar Iqbal Dar	Businessman	280,000

*Continued*

42.	Raja Javed Ashraf	Businessman	640,000
43.	Asif Rehan Dar	Businessman	1,460,000
44.	Khalil Ur Rehman	Businessman	5,520,000
45.	Naveed Aslam	Businessman	720,000
46.	Abdul Rasheed	Businessman	50,000
47.	Rana Shaukat Mehmood	Businessman	468,400
48.	Raja Ijaz Akhtar	Businessman	595,000
49.	Khatoon Soap	Businessman	439,005
50.	Automotive Component	Businessman	1,412,025
51.	Javaid Iqbal Bukhary	Businessman	15,500,000
52.	M/s Sadiq Ply Wood	Businessman	11,000,000
53.	Iqtidar Ahmad Choudhry	Businessman	4,390,000
54.	Ch. Raffat Mehmood	Businessman	600,000
55.	Amer Saleem	Businessman	200,000
56.	Naseem Akhtar	Businessman	80,000
	Total		295,766,580

**NAB NWFP****List of High Profile Convictions – 2002**

S. No.	Name	Designation	Details
1.	Abdul Halim Khattak	ex-Minister	7 years RI + fine of Rs.56.805 million + US\$ 33000 + all properties forfeited. Also convicted for misusing official authority and sentenced to 4 years RI + fine of Rs.0.5 million. In default of payment, further two years imprisonment.
2.	Habib ur Rehman Tanoli	ex-Minister	7 years RI + fine of Rs.50.00 million
3.	Abdul Hameed Khan	ex-SMBR	10 years RI + fine of Rs.44.455 million + all assets of accused, benamidars & dependents confiscated.

**Details of Plea Bargains – 2002**

S.No.	Name	Designation	Amount Agreed (Rs in million)
1.	Abdur Rahim Mian	Chief Engineer Works & Services Department NWFP	12.500
2.	Amraish Khan	Superintending Engineer Works & Services Department NWFP	18.00
3.	Dost Muhammad	Patwari Revenue Department NWFP	4.500
4.	Fazal Habib	Supplier/Contractor	5.295
5.	Iqbal Younas	Supplier/Contractor	3.395
6.	Muhammad Zahoor	Supplier/Contractor	0.317
7.	Muhammad Saleem	Supplier/Contractor	0.278
8.	Hidaytullah Afridi	Supplier/Contractor	1.295
9.	Muhammad Shafiq	Supplier/Contractor	0.800
10.	Malik Ashiq Hussain	Assistant Civil Secretariat	9,154
11.	Mushtaq Ahmed	SDO Irrigation	5.998
12.	Jameel ur Rehman	XEN Works & Services Department NWFP	3.000
		Total:	64.532

**Voluntary Return Cases - 2002**

No. of cases	Total Amount
2	Rs. 5.200 million

**NAB Balochistan**  
**List of High Profile Convictions – 2002**

S. No.	Name	Designation	Details
1.	Bismillah Khan Kakar	ex-Minister	1 year RI Total fine 2.00 million
2.	Nahad Pervez	ex-DG SAP Balochistan	2 years RI Total fine 5.00 million
	Ishrat Ali Khan	ex-Director Finance SAP	5 years RI, Total fine Rs.15 million
3.	Qazi Abdul Wahid (2 cases)	ex-SSP Sibi	2 years RI, 1 year RI in other case, Total fine 1.349 million
4.	Mir Maqbool Ahmed Lehri (2 cases)	ex-Mayor QMC Quetta	3 years RI in one case. 3 years RI in other case. Total fine 3.50 million
5.	Sikandar Alam	ex-Assistant Account Officer AG Office Quetta	4 years RI, Total fine 0.700 million
6.	Matloob Hussain Qureshi	ex-DE(T) PTCL Khuzdar	4 years RI, Total fine 1.20 million
7.	Maula Bakhsh Magsi (4 cases)	ex-MD LIEDA	1 year RI in one case. 1 year 6 months and 4 months RI in the other 3 cases. Total fine 3.500 million
8.	Haji Ghous-ud-Din	ex-District Food Controller	3 year RI, Total fine 29.003 million

**Details of Plea Bargains – 2002**

S.No.	Name of the Accused	Designation	Amount agreed (in Rupees)
1.	Sardar Abdul Rehman Khetran	Ex-Provincial Minister of Education	6.300 million
2.	Muhammad Yousaf Niazi	Ex-Secretary Finance	8.110 million
3.	Hafeez-ur-Rahman	Ex-Secretary Labour	1.500 million
4.	Ali Hassan Shahwani	Ex-Secretary Workers Welfare Board	4.000 million
5.	Muhammad Shafi Kakar	Ex-Superintendent Jail	9.000 million
6.	Tariq Mahmood	Ex-Assistant Director Passports	5.000 million
7.	Dr. Shafiq-ur-Rehman	Member Medical Board	0.189 million
8.	Abdul Ali Kakar	Assistant Food Controller	10.918 million
9.	Abdul Ghani Kakar	Businessman	13.307 million
10.	Arif Sheikh	Businessman	4.909 million

**NAB Rawalpindi**  
**List of High Profile Convictions – 2002**

S. No.	Name	Designation	Details
1.	Shafi M.Sehawani	ex-Chairman CDA	4 Years RI
2.	Shafi M.Sehawani	ex-Chairman CDA	4 Years RI
3.	Shafi M.Sehawani	ex-Chairman CDA	4 Years RI
4.	M.Zaman	ex-Dir Agri Ext,Rwp	5 Years RI, Fine Rs.5 Lac
5.	Syed Yousaf Raza Gillani	Ex Speaker NA	5 Years RI, Fine Rs.10 Lac
6.	Ch.Sher Ali	ex-Mayor Faisalabad/ex-MNA	5 Years RI ,Fine 10 Crore
7.	Asif Ali Zardari	ex-Senator	7 Years RI, Fine Rs.4 Crore

**Details of Plea Bargains – 2002**

S.No.	Name	Designation	Amount
1.	Mansoor Ul Haq	ex- CNS	7.5 million US\$
2.	Baz Muhammad Khan	ex-DG Water Management Deptt Ibd	Rs.10,520,500/-
3.	Najam-us-Saqib	Co accused with Yousaf Raza Gillani ex-Speaker NA	Rs.1,717,384/-
4.	a. Syed Nadeem Hyder Shah b. Syed Amir Abbas Shah c. Haji Muhammad Arshad d. Sanobar Khan	Owners/Co-accused in illegal registration, stolen/smuggled vehicles in Northern Areas	Rs.254,755/- Rs.242,018/- Rs.242,018/- Rs.254,755/-
	Total		Rs.13,231,430/- (Say Rs.13.2 million)+ US\$ 7.5 million

**Voluntary Return Cases – 2002**

No. of cases	Total Amount
2	Rs.48.57 million

**Synopsis of Major Investigations and Prosecutions Carried Out  
During Year 2002**

**(a) Employees Old-Age Benefit Institution (EOBI)**

The Ex-Chairman EOBI, Ex-General Manager (Finance) of Prudential Commercial Bank and other co-accused persons, in fraudulent connivance misappropriated Federal Investment Bonds (FIBs) of Rupees 1040 million belonging to EOBI, an institution working for the welfare and betterment of industrial workers. The consequential loss to EOBI inclusive of the lost profit on these FIBs works out to Rs. 1,618 million. With the help of expert forensic trailing of the looted amounts, the Bureau was successful in identification and consequent freezing of assets worth over Rs. 400 million while efforts are still underway for the remaining amounts. Moreover, some of the accused persons in the case returned assets of almost Rs. 40 million. A Reference has been filed against the accused persons in the Accountability Court Karachi, which is under trial.

**(b) Asif Ali Zardari- Assets Case**

A case against Asif Ali Zardari husband of the Benazir Bhutto-Ex-Prime Minister, is under trial. The accused has been charged with the ownership of property / assets running into million of dollars, both in and outside Pakistan, which he cannot reasonably account for in light of his known, declared and legal sources of income. The Bureau was successful in obtaining incriminating ownership evidence of Asif Ali Zardari's assets in shape of properties and bank accounts under the Mutual Legal Assistance platform. Foreign jurisdictions which include the Home Office U.K, Attorney General of Switzerland, Attorney General of Isle of Man, on the request of the Bureau, collected and transmitted documents and witness statements to the Government of Pakistan, which are admissible as evidence in the Pakistani courts. The evidence so received has been filed in the court where the trial is underway. The evidence, inter alia, pertains to the Rockwood Estate, commonly known as "Surrey Palace" owned by Zardari. The property comprises of approximately 355 acres of prime Farm Land in the County of Surrey. The property also has a huge mansion and other ancillary buildings. The Swiss Authorities have also provided the banking record of the accounts opened in the name of off-shore companies beneficially owned by Asif Ali Zardari in which millions of dollars have been deposited.

**(c) Workers Welfare Fund (WWF)**

During 1999, WWF sold Federal Investment Bonds (FIBs) having face value of Rs.2,856.509 million by way of 11 deals to different financial institutions/ brokerage houses. The investigation of these transactions revealed that these FIBs were fraudulently

sold at rates less than the then prevalent market rate. In doing so, the accused persons inclusive of the then Secretary of the Fund in connivance with each other, deprived WWF of its rightful income of Rs. 85.667 million. During the course of investigation, the major beneficiaries of the criminal proceeds confessed their guilt and accordingly agreed to make good the loss caused by them. In this way NAB has been able to secure Rs. 75,911,452/-. For the remaining amount a reference has been filed against the accused persons.

**(d) Emirates Bank International (EBI) Fraud Case**

A group of swindlers obtained loans from Ex-Emirates Bank International against fake/forged guarantees valuing Rs. 288 Million purportedly issued by two different commercial banks. Based on the two FIRs, a team comprising of Police, FIA and CIA officials initiated the investigations. Since it was a complex white collar crime and at the request of the Police authorities, forensic technical expertise of NAB was made available to the investigation team. Successful money trailing led to the recovery of almost Rs.100 million. Two of the main accused that had absconded were extradited from abroad through the efforts of NAB and are facing charges in the court. This case was subsequently transferred to the Accountability Court for prosecution under the NA Ordinance.

**(e) CDA Chairman Indulges In Gross Misuse Of Public Office Towards Personal Real Estate Benefits.**

These cases of Shafi M. Sehwani Ex-Chairman CDA Islamabad speak volumes about misuse of public office, criminal breach of trust in running the affairs of a civic development body. The accused misused his senior management position towards causing financial and real estate benefits to his relatives and friends in three different cases (11/2000, 15/2000 & 16/2000) at the cost of public exchequer.

The investigations reveal that the accused Shafi M. Sehwani committed illegal practices during his stay (1981-96) in CDA. A number of cases were reported wherein the accused misused his authority by awarding various contracts in violation of the existing procedures and rules by allotment of residential, commercial, industrial and agricultural plots to his relatives and others. Two more cases of corruption are under investigation.

The list of allegations based on corroborative evidence and facts in aforesaid three references revealed that the accused as Member Planning CDA and Chairman Industrial Allotment Committee during year 1986 misused his authority and obtained for himself, his spouse and a close relative three plots bearing numbers 90, 91 and 92 in Industrial Area Sector I-9/1 Islamabad. In one of these case, the accused got approved one plot measuring 5000 Sq. yards in contravention of rules and later dishonestly changed its allotment from one plot to three plots measuring 7333 Sq. yards and allotted it to the co-accused, Abdul Rehman Khan who was not eligible for allotment of industrial plot. Mrs. Roohi Farzana abetted in furtherance of commission of this offence by becoming a paper owner of the said plot and the building constructed over it. In the second case, the accused illegally allotted

another industrial plot to co-accused, Mst. Almas Parveen, a close relative of the accused, who acted as a front person for her sister and real beneficiary, Mst. Saeeda Shaheen, mother-in-law of Mr. Shafi M. Sehwan, the other co-accused. The present market value of plot and building constructed on it, is around Rs.2 Crore. Nevertheless, the entire transactions for the acquisition of this plot were made by the accused the real beneficiary.

In the third case the accused, as Chairman Allotment Committee of CDA, allotted an industrial plot to another co-accused Muhammad Riaz, who was neither an industrialist nor an established businessman but was merely a petty contractor. A building was constructed on the said plot, which was then sold to the second co-accused Aitzaz Ahmed Khan for a meagre sum of Rs.18 Lac against the reserve price of said plot of over Rs.26 Lac. The investigations in the case proved that this whole arrangement was only a paper transaction for the illegal benefit to the accused..

He has been sentenced to 4 years of RI in each of three references alongwith disqualification from holding any public office for 10 years.

(f) **Land Revenue Official Involved In Corrupt Practices And Accumulation Of Illegal Assets**

One Mr. Shahnawaz, a resident of Taunsa Sharif, District Dera Ghazi Khan, joined service in April 1981 as Patwari in the settlement office of Kalat Division. He hailed from a modest family and had no inheritance to his credit. He was posted in Kalat Division from April 1981 to December 1990. Thereafter, he worked in Settlement Office, Quetta Division from January 1991 to May 1997. He also served in Pishin on land settlement assignments. During his aforesaid posting tenures, the accused indulged in gross corrupt practices leading to accumulation of assets worth Rs.10.15 million, including residential house, plots in Quetta District, 400 kanals of agricultural land in Taunsa Sharif, District Dera Ghazi Khan and 10 acres of government land got allotted in the name of his cousin (Lal Muhammad) in Hazar Ganji, District Quetta. The accused, as government employee in various settlement offices of Balochistan, misused his official position and accumulated personal assets using his relatives as front men.

Finally, the accused got netted as a result of NAB's investigations and faced due process of law, leading to his convictions by Accountability Court. He has been sentenced to 5 years of RI and a fine of Rs.11.058 million.

(g) **Case of Ch. Sher Ali Ex-MPA / Mayor, Faisalabad Municipal Corporation.**

Chaudhry Sher Ali, Ex-MNA held the office of Mayor Faisalabad Municipal Corporation from November, 1983 to January 1985, July 1986 to November 1987 and January 1988 to January 1992. He was elected MNA twice in 1990 and 1993. He accumulated properties / assets worth crores of rupees during his tenure of public office, which were disproportionate to his known sources of income. Before entering politics, Ch. Sher Ali



lived in a 3000 Sq.Ft. house owned by his father. He held 1/6<sup>th</sup> share of the only family enterprise, M/S Kashmir Sizing. Other shareholders were his mother, brother, brothers-in-law, wife and two other persons. Thereafter, he established his own project, M/S Amir Weaving Factory. Ch. Sher Ali started accumulating wealth through corruption by receiving illegal gratification with the connivance of officials / contractors of Municipal Corporation, Faisalabad and by illegally disposing off state land. He caused a loss to the Corporation and obtained personal benefit worth Rs. 20 million. He also granted lease of Shalimar Restaurant, the property of Municipal Corporation, also to his close relatives, allotted illegally Wagon Stand to his close associates / relatives. He was also found guilty of malpractices and acts of bribery in awarding octroi contract.

Through these corrupt practices, he accumulated huge property worth Rs.543.98 million while his total declared income from 1984 to 1995 was Rs.1.38 million.

As a result of thorough investigations and successful prosecution, he was convicted to 5 years of RI with fine of Rs .100 million. He was earlier convicted by the same Court in another case to 10 years of RI with fine of Rs.20 million.

**(h) Former Chief of Pakistan Navy surrenders US \$ 7.5 Million**

**Accepted as commissions and kickbacks in defence deals.**

The biggest case of receiving commissions and kickbacks by the head of one of the Armed Forces of Pakistan finally came to an end when the accused, surrendered US \$ 7.5 Million to the national exchequer. Mansur-ul-Haq, while serving as Chief of the Naval Staff received kickbacks and commissions in various defence deals. On account of his conduct unbecoming of an officer and a gentleman; he was prematurely retired from service on 29 April 1997. Thereafter, he left the country in 1998 to settle in Austin, Texas USA. After NAB's inception in 1999, fresh investigations were initiated into the alleged kickbacks of the accused in collaboration with legal assistance from foreign expert organizations which led to a major breakthrough in collection of concrete evidence and discovery of his illegal foreign assets. The US authorities arrested the former Admiral on 17 April 2001 and a reference was filed against him in Accountability Court, Rawalpindi in May 2001.

The accused was indicted by court on 22 October 2001 and his application for Plea Bargain, pleading guilty and depositing US \$ 3.36 Million, was rejected. A second application agreeing to pay US \$7.5 Million (the entire amount unearthed so far against him) was accepted. He has paid the entire amount of the agreed Plea Bargained money in two installments. The accused also agreed that he would surrender all his assets and properties in favour of the Government of Pakistan, if and when found by NAB, as accumulated through illegal means. As a result of the settlement of his case, the court released him on 31 January 2002. The Government of Pakistan also has withdrawn the privilege of retention of the rank of Admiral and has revoked all his post-retirement service privileges including pension, honours and awards received during his tenure of service.

**LIST OF ABBREVIATIONS:**

ACE	Anti Corruption Establishment
ADB	Asian Development Bank
AIC	Asset Investigation Cell
APG	Asia Pacific Group
BPS	Basic Pay Scale
CBR	Central Board of Revenue
CPI	Corruption Perception Index
DFID	Department for International Development
DG	Director General
DPGA	Deputy Prosecutor General Accountability
ECL	Exit Control List
FCIW	Financial Crimes Investigation Wing
FIA	Federal Investigation Agency
FinCEN	Financial Crimes Enforcement Network (USA)
FIR	First Information Report
I&I W	Identification and Intelligence Wing
IMW	Investigation Monitoring Wing
JJCWG	Joint Judicial Cooperation Working Group
LAN	Local Area Network
MAQ	Methods of Appointment and Qualification
MLA	Mutual Legal Assistance
NAB	National Accountability Bureau
NACS	National Anti-corruption Strategy
NAO	National Accountability Ordinance
NGO	Non Governmental Organization
OECD	Organization for Economic Cooperation and Development
PCA	Prevention of Corruption Act
PGA	Prosecutor General Accountability
PPC	Pakistan Penal Code
PTCL	Pakistan Telecommunication Corporation Limited
RA &TW	Research, Analysis and Training Wing
SBP	State Bank of Pakistan
TCS	Terms and Conditions of Service
TI	Transparency International
TNA	Training Needs Assessment
WAN	Wide Area Network